

435. By Mr. MASON: Petition of Illini Aerie, No. 2688, Fraternal Order of Eagles, Peru, Ill., urging the Federal Government to secure the freedom of William N. Oatis, correspondent for the Associated Press in Prague, Czechoslovakia, presently imprisoned by the Czechoslovakian Government; to the Committee on Foreign Affairs.

436. By the SPEAKER: Petition of Howard Erving Dorton, New Jersey State Prison, Trenton, N. J., with reference to the case of James Hay Reed and Howard Erving Dorton, petitioners, v. State of New Jersey, respondent; to the Committee on the Judiciary.

## SENATE

TUESDAY, SEPTEMBER 25, 1951

(Legislative day of Wednesday,  
September 19, 1951)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, for a hallowed moment snatched from the pressing concerns of state, we bow in reverence at this wayside altar of prayer. We would be still and know that Thou art God. Into Thy hands we commit ourselves and our cause. Frail and fallible as we are, make us, we beseech Thee, the instruments of Thy purpose in speeding the day when hatred will be conquered by love, when fear will give way to confidence, and when the glad service of the common need will join all men everywhere in one great company of comrades. Against all odds and obstacles may we keep our love of life, our delight in friendship, our hunger for new knowledge, our hatred of a lie, and our intolerance for what our hearts tell us is false and degrading.

Accepting in humility the call of destiny to be the leader and center of a new world of freedom, quicken our love of America that we may see the shining glory of the Republic both as a heritage and a trust. Amen.

### THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, September 24, 1951, was dispensed with.

### LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. THYE was excused from attendance on the sessions of the Senate from 3:45 o'clock this afternoon and through tomorrow, Wednesday.

### COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSTON of South Carolina, and by unanimous consent, the Committee on Post Office and Civil Service was authorized to meet this afternoon during the session of the Senate.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on the Judiciary was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Labor and Public Welfare was authorized to meet September 26, while the Senate is in session.

### TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that routine business may be transacted, including insertions in the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

### REPORT OF FORMER VICE PRESIDENT WALLACE RELATING TO INSTITUTE OF PACIFIC RELATIONS

The VICE PRESIDENT. Yesterday the Chair received a communication from the President of the United States transmitting certain documents which had been given to the press for release yesterday morning, pertaining to a report of former Vice President Wallace in regard to the Institute of Pacific Relations and other matters which relate to subjects now pending before the Subcommittee on Internal Security and the Committee on Foreign Relations. So the Chair has directly referred those documents, together with the President's letter, to both committees, for such consideration as may be appropriate.

### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred, as indicated:

#### REPORTS OF TECHNICAL COOPERATION ADMINISTRATION

Two letters from the Acting Secretary of State, transmitting, pursuant to law, the second and third quarterly reports of the Technical Cooperation Administration, for the quarters ended March 31, 1951, and June 30, 1951, respectively (with accompanying reports); to the Committee on Foreign Relations.

#### AMENDMENT OF UNITED STATES CODE RELATING TO TRANSMISSION OF POISONS THROUGH THE MAILS TO CERTAIN PERSONS

A letter from the Postmaster General, transmitting a draft of proposed legislation to amend section 1716 of title 18, United States Code, to permit the transmission of poisons in the mails to persons or concerns having scientific use therefor, and for other purposes (with an accompanying paper); to the Committee on Post Office and Civil Service.

#### REPORT ON TRANSPORTATION FURNISHED TO CERTAIN GOVERNMENT AND OTHER PERSONNEL

A letter from the Secretary of the Navy, transmitting, pursuant to law, a report on furnishing transportation for certain Government and other personnel, fiscal year 1951 (with an accompanying report); to the Committee on Armed Services.

#### REPORT ON INSPECTION OF COAL MINES BY BUREAU OF MINES

A letter from the Secretary of the Interior, transmitting, pursuant to law, his report on the inspection of coal mines by the Bureau of Mines, for the fiscal year ended June 30, 1951 (with an accompanying report); to the Committee on Interior and Insular Affairs.

#### REPORT ON TEMPORARY ADMISSION INTO UNITED STATES OF CERTAIN ALIEN SEAMEN

A letter from the Attorney General, transmitting, pursuant to law, a copy of an order

of the Acting Commissioner of Immigration and Naturalization, dated October 20, 1950, authorizing the temporary admission into the United States, for shore-leave purposes only, of certain alien seamen (with accompanying papers); to the Committee on the Judiciary.

#### REPORT OF CIVIL AIR PATROL

A letter from the Commanding General, Civil Air Patrol, United States Air Force, transmitting, pursuant to law, a report of Civil Air Patrol proceedings and activities, calendar year 1950 (with an accompanying report); to the Committee on Armed Services.

#### REPORT OF DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

A letter from the Chairman of the District of Columbia Redevelopment Land Agency, Washington, D. C., transmitting, pursuant to law, a report of the Agency for the fiscal year 1951 (with an accompanying report); to the Committee on the District of Columbia.

#### WILLIAM N. OATIS

Mr. WATKINS. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by Aerie 2472, Fraternal Order of Eagles, of Ogden, Utah, relating to the Federal Government using its efforts to secure the freedom of William N. Oatis.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

#### RESOLUTION ON WILLIAM N. OATIS

Whereas William N. Oatis, Associated Press Bureau chief in Prague, Czechoslovakia, a free newspaperman who was performing his duties according to the standards and criteria of the free press of the world, was brutally snatched and imprisoned by the Communist government of Czechoslovakia without explanation; and

Whereas Mr. Oatis was arrested and held in detention without access to friend, Embassy representative or trusted legal counsel; and

Whereas he was brought to trial and accused of insisting on obtaining accurate, correct, and verified information, which is the definition of the work of a free press; and

Whereas he was forced into admission of espionage because of his reporter's instinct for presenting the factual rather than the fictional; and

Whereas he was convicted and sentenced to 10 years of imprisonment by a trial which was universally condemned by all free nations as an outrageous kangaroo court, completely bereft of the principles of justice and the dignity of the human being; and

Whereas by its action, the Communist-dominated Czech Government showed its scorn for the principle of freedom of information and its hatred of our free world; and

Whereas representatives of the Soviet news agency Tass have the free run of the United States of America, and are permitted to attend press conferences at our national seat of Government, at which often much off-the-record information is discussed: Now, therefore, be it

Resolved, That Ogden Aerie, No. 2472, of the Fraternal Order of Eagles urges the Federal Government and its agencies to be unceasing in its efforts to secure the freedom of Mr. Oatis by honorable means, and we also offer our support and the vitality of our membership to the executives of the Associated Press in their campaign to secure the release of Mr. Oatis by the communication

of the true facts of the case to the free peoples of the world; and be it further

*Resolved*, That Aerie No. 2472, of the Fraternal Order of Eagles, urges the Federal Government to bar the correspondents from the Soviet News Agency Tass as well as all satellite nation correspondents from official Government press conferences where vital information may be revealed until the release of Mr. Oatis has been secured.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUNT, from the Committee on Armed Services:

H. R. 1203. A bill to authorize officers designated by the Secretary of the Air Force to take action on reports of survey and vouchers pertaining to Government property; without amendment (Rept. No. 836).

By Mr. KERR, from the Committee on Public Works:

S. 1450. A bill to provide for the exchange of certain lands owned by the United States of America for certain privately owned lands; with an amendment (Rept. No. 837).

#### COMMITTEE TO DISCUSS PROBLEMS OF COMMON INTEREST WITH CONSULTATIVE ASSEMBLY OF COUNCIL OF EUROPE

Mr. WILEY submitted the following resolution (S. Res. 215), which was referred to the Committee on Foreign Relations:

Whereas the Consultative Assembly of the Council of Europe adopted on May 12, 1951, a resolution reading as follows:

"The Assembly—

"considering that the free peoples of Europe and of the United States have many vital problems in common;

"considering that the solidarity between them arises not only from the common dangers they have to face, but is also the reflection of their common origin, and of their community of thought and civilization;

"taking note that the Committee of Ministers in their message to the Assembly has declared that it would welcome any initiative of the Assembly designed to establish links with the Congress of the United States;

"believing that it would be of the greatest interest for public opinion in the democracies if these problems of common interest were to be discussed by delegations from the two Houses of Congress of the United States and from the Consultative Assembly;

"Instructs its bureau—

"To approach the Congress of the United States through the Speakers of both Houses for the purpose of arranging such a discussion to take place in public, preferably in Strasbourg, or, if for any reason circumstances make it desirable, in Washington, at a date mutually convenient, and in accordance with an agenda drawn up in advance by agreement between the officers of the Congress of the United States and the Bureau of the Consultative Assembly"; and

Whereas the Congress of the United States has formally declared it "to be the policy of the people of the United States to encourage the further unification of Europe"; and

Whereas it is in the interest of the United States to encourage consultation between the Congress of the United States and the Consultative Assembly of the Council of Europe; and

Whereas the Senate of the United States welcomes this invitation and expresses its appreciation of the unanimous action of the Consultative Assembly in extending it: Now, therefore, be it

*Resolved*, That the President of the Senate is authorized to appoint not to exceed seven Members of the Senate to meet jointly with

the representatives appointed by the Consultative Assembly of the Council of Europe for discussion of problems of common interest, as envisioned by the resolution of the Consultative Assembly of May 12, 1951, and to designate the chairman of the delegation. The expenses of the Members so appointed and of a staff appointed for the purpose of carrying out this resolution, which shall not exceed \$15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the delegation.

#### REVENUE ACT OF 1951—AMENDMENTS

Mr. BYRD (for himself and Mr. ROBERTSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 4473) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. MOODY (for himself, Mr. MONRONEY, Mr. MORSE, Mr. DUFF, Mr. HUMPHREY, Mr. KNOWLAND, Mr. HILL, Mr. SMATHERS, Mr. HENDRICKSON, Mr. NEELY, Mr. SPARKMAN, Mr. HENNING, Mr. IVE, Mr. PASTORE, Mr. HUNT, and Mr. LEHMAN) submitted an amendment intended to be proposed by them, jointly, to House bill 4473, supra, which was ordered to lie on the table and to be printed.

Mr. McCLELLAN submitted an amendment intended to be proposed by him to House bill 4473, supra, which was ordered to lie on the table and to be printed.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. O'CONOR:

Address on the menace of organized crime, delivered by Senator KEFAUVER to the American Bar Association at its annual meeting in New York, N. Y., on September 19, 1951.

By Mr. MARTIN:

Broadcast on September 24, 1951, made by him to the people of Pennsylvania, being program No. 50 in the series, Happenings in Washington.

By Mr. WILEY:

Statement by him and articles by John Wyngaard and Edward A. Fitzpatrick regarding participation of educators in Government.

By Mr. WATKINS:

Address delivered by Prime Minister Alcide de Gasperi, of Italy, before the National Press Club, Washington, D. C., September 25, 1951, with a sketch of his career.

By Mr. MAGNUSON:

Resolutions regarding Columbia River development program, adopted by the Mid-Columbia Community Conference, in the city of Kenewick, Wash., August 18, 1951.

Editorial on the subject of the construction of 35 mariner class fast freighters, published in the September 1951, issue of Marine News.

By Mr. HUNT:

Article entitled "Pick-Sloan Plan Is Best for Area, Editor Declares," written by Rita Robison, and published in the Casper (Wyo.) Tribune-Herald of August 30, 1951.

By Mr. WILLIAMS:

Editorial entitled "What He Is Not For," published in the St. Louis Post-Dispatch of September 22, 1951, relating to a press conference held by President Truman.

By Mr. PASTORE:

Column by Malcolm Epley, published in the Press-Telegram of Long Beach, Calif., on March 19, 1951, discussing a letter from Lt. Rolly G. Miller relating to experiences in Korea.

#### TESTIMONIAL DINNER IN BOSTON TO EMIL RIEVE, PRESIDENT OF THE TEXTILE WORKERS UNION OF AMERICA, CIO

Mr. AIKEN. Mr. President, on Saturday night, September 29, the local Textile Workers Union of New England are giving a testimonial dinner in Boston to Emil Rieve, president of the Textile Workers Union of America, CIO.

I have known Mr. Rieve for many years and believe that few labor leaders in America are more entitled to recognition for meritorious service than he is.

As a Polish immigrant boy, with only 4 years in school, he has through his untiring work with the Textile Workers Union of America been largely instrumental in increasing the membership of that union to its present record number of 450,000. The wages of these members have tripled during the last 12 years.

However, it is not solely because of his work as a union leader that Emil Rieve deserves recognition. He and his fellow workers have always been conscious of the needs of their industry, their communities and their country.

Mr. Rieve has always been cognizant of the needs of the general economy and the part which his organization plays in it. He has recognized the rights and the problems of the textile mill operators as well as those of the men and women employed by them.

I am taking this opportunity to make this statement today because I feel that here is a man who deserves the tribute which he will be given on Saturday evening not only because of his devotion to the cause of the textile workers and his concern for the industry, but also as a farsighted and public-spirited citizen.

#### CALL OF THE ROLL

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	McMahon
Bennett	Hennings	Millikin
Benton	Hickenlooper	Monroney
Brewster	Hill	Moody
Bricker	Hoey	Morse
Butler, Md.	Holland	Mundt
Butler, Nebr.	Humphrey	Murray
Byrd	Hunt	Neely
Cain	Ives	Nixon
Capehart	Jenner	O'Connor
Carlson	Johnson, Colo.	O'Mahoney
Case	Johnson, Tex.	Pastore
Clements	Johnston, S. C.	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Dirksen	Kilgore	Schoeppel
Douglas	Knowland	Smathers
Duff	Langer	Smith, Maine
Dworshak	Lehman	Smith, N. J.
Eastland	Lodge	Smith, N. C.
Eaton	Long	Sparkman
Ellender	Magnuson	Stennis
Ferguson	Malone	Taft
Flanders	Martin	Thye
Frear	Maybank	Underwood
Fulbright	McCarran	Watkins
George	McCarthy	Welker
Gillette	McClellan	Wiley
Green	McFarland	Williams
Hayden	McKellar	Young

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.



The Senator from New Mexico [Mr. CHAVEZ] and the Senator from Tennessee [Mr. KEFAUVER] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his immediate family.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness. The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The VICE PRESIDENT. A quorum is present.

#### REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

The VICE PRESIDENT. The bill is open to amendment.

Mr. O'MAHONEY. Mr. President, I desire first to make a parliamentary inquiry based upon the following facts: The pending tax bill, at page 332, strikes out section 502, excess-profits credit based on income, as contained in the House bill. Then the bill substitutes title V, which begins on page 288 and runs to page 331. This is entitled "Excess-Profits Tax," and it consists of several sections.

Under the unanimous-consent agreement which was granted on the first day on which the bill was considered by the Senate, it was ordered that all committee amendments would be adopted en bloc, but that thereafter, however, they would be reopened at the request of any Senator.

My parliamentary inquiry, therefore, is, Is not it possible under that order to consider these amendments, namely, the one which strikes out the House provision and the one which inserts title V, de novo, as was stated by the chairman of the committee at the time?

The VICE PRESIDENT. That is correct. It is understood that at the request of any Senator, automatically any amendment agreed to en bloc will be reopened or the offering of an amendment to it will reopen it. It is in order to offer an amendment to a committee amendment.

Mr. O'MAHONEY. Therefore, I request that these amendments now be reopened for consideration.

The VICE PRESIDENT. To be considered together?

Mr. O'MAHONEY. Yes; I shall regard all of them as one.

The VICE PRESIDENT. Section 502 has already been stricken out of the House version of the bill.

Mr. O'MAHONEY. If the Senate rejects, as I shall ask the Senate to do, the committee amendment, that will automatically restore the language voted by the House. Is not that correct?

Mr. GEORGE. Mr. President, I would think the Senator would have to offer a specific amendment.

The VICE PRESIDENT. Yes.

Mr. GEORGE. Of course, any specific amendment can be considered.

The VICE PRESIDENT. The Chair thinks that the unanimous-consent understanding probably would carry with it the possibility of reopening the

amendment, either for the consideration of the amendment itself, at the request of any Senator, without offering an amendment to it—

Mr. O'MAHONEY. Yes. Mr. President, the ruling of the Chair is that the committee amendments—

The VICE PRESIDENT. It seems that section 502 in the House version of the bill is in title VI of the bill, and is not in juxtaposition with title V of the Senate version, which deals with the excess-profits tax.

Mr. O'MAHONEY. Section 502 of the House version of the bill deals with excess-profits credits based on income. It has been wholly stricken out.

My parliamentary inquiry is merely whether we may consider that amendment of the committee, together with the title V amendment of the committee, en bloc. If not, I shall simply proceed with title V separately, and then shall follow with section 502, as stricken out.

The VICE PRESIDENT. Unanimous consent would be required for the consideration of both of them together; otherwise they would have to be considered separately.

Mr. O'MAHONEY. Mr. President, I was merely trying to conserve the time of the Senate.

The VICE PRESIDENT. Is there objection to considering together both title V of the Senate version of the bill and section 502 of the House version of the bill? The Chair hears none.

Mr. KERR. Mr. President, reserving the right to object, I should like to—

Mr. GEORGE. Mr. President, I should like to find out what it is that the Senator wishes to do. Will the Senator from Wyoming be kind enough to state what he wishes to do?

Mr. O'MAHONEY. Oh, yes, indeed.

Mr. GEORGE. I do not understand it at all.

Mr. KERR. That is the question I had in mind.

Mr. O'MAHONEY. If the Senator will turn to page 332 of the committee print, he will observe that the committee has reported an amendment striking out section 502 of the House version of the bill. Then if the Senator will turn to page 288 of the bill, he will find the beginning of the entire Senate amendment on the excess-profits tax. It runs through to page 331. My desire, I say to the distinguished chairman of the Finance Committee, is to ask the Senate to reject title V and to restore section 502; and it occurred to me that the simplest way to handle that would be to consider the two en bloc.

However, if the Senator prefers to have me handle them separately, I shall be glad to do that. I am conscious of the great burden the Senator from Georgia and all the other members of the Finance Committee have been carrying, and I do not desire to take an undue amount of the time of the Senate.

Mr. GEORGE. Mr. President, I do not think it would be possible to consider the two together, because we would have to vote separately upon them.

Mr. O'MAHONEY. Very well.

Mr. GEORGE. Section 501 of title V, of the Senate version can be taken up;

and any particular provision in it to which the Senator wishes to disagree or which he wishes to move to strike out now can be considered; but logically, at least, we would have to vote on them separately. These relate to the relief provisions, let me say.

Mr. O'MAHONEY. Mr. President, I may say to the Senator from Georgia that when he came on the floor with this bill, he made the specific request that all the committee amendments be approved en bloc. His request was granted when he stated that upon the request of any Senator, the amendments could be reconsidered de novo.

Mr. GEORGE. That is correct.

Mr. O'MAHONEY. Very well. It seems to me that if it was legitimate for the chairman of the Finance Committee to request that all of his diverse amendments be considered and approved en bloc, there can be no reasonable objection to the request of the Senator from Wyoming that these relief provisions, all of which constitute title V of the committee version of the bill, may also be considered en bloc.

Mr. GEORGE. Mr. President, if the Senator wishes to proceed by moving to strike out all of title V, for instance, he may do so.

Mr. O'MAHONEY. Technically speaking, Mr. President, if the order made at the request of the Senator from Georgia means what it says, the committee amendments now stand before the Senate for either approval or rejection; and the simplest way to proceed is to allow the Senator from Wyoming to ask the Senate, after he has explained his reasons, to disagree to title V.

Mr. GEORGE. That is entirely correct, if the Senator wishes to have the Senate disagree to all of title V.

Mr. O'MAHONEY. I do.

Mr. GEORGE. I doubt it; when the Senator from Wyoming reads it, I doubt it. However, he may be correct.

Mr. O'MAHONEY. Yes.

Mr. GEORGE. He may wish to have the Senate disagree to all of title V; and if he does, I probably would have no objection to voting on all of it as a section.

Mr. O'MAHONEY. Yes.

Mr. TAFT. Mr. President, a parliamentary inquiry: Suppose title V were stricken out and section 502 were restored to the bill.

The VICE PRESIDENT. That would not be done automatically; a separate vote would be required.

Mr. TAFT. Is not that the House provision dealing with excess profits?

Mr. O'MAHONEY. Yes.

Mr. TAFT. My question is this: If the motion carried, would it then be in order to offer amendments to section 502, relating, let us say, to special cases covered by the excess-profits tax?

Mr. O'MAHONEY. Yes, of course.

The VICE PRESIDENT. If the Senate were to disagree to title V, the result would not automatically be to restore section 502. They deal with the same subject, but they are in separate parts of the bill.

Mr. O'MAHONEY. Mr. President, as I understand the ruling of the Chair and

the agreement of the Senator from Georgia, it is simply that title V of the Senate version of the bill, namely, the amendments which are called the relief provisions, and section 502 of the House version of the bill are to be considered separately; however, all parts of title V may be considered en bloc.

Then, if by any chance the Senate should reject title V, section 502 of the House version of the bill would be open to consideration; and the first question would be on a motion to restore section 502. I think it would then be in order for any Senator who wished to offer amendments to section 502 of the House version of the bill to present such amendments.

**THE VICE PRESIDENT.** If title V is disagreed to, then section 502 of the House text, shown on page 332, stricken out by the committee, may be brought up ab initio and is subject to amendment as any other committee amendment would be. Any amendment proposed to the title itself would have to be voted upon before voting on whether the whole title should be stricken from the bill.

**MR. TAFT.** So that the parliamentary procedure would be that if title V were stricken out, the next question would be on disagreeing to the committee amendment striking out section 502 of the House bill. Is that correct?

**MR. GEORGE.** Exactly.

**MR. O'MAHONEY.** Precisely.

**MR. TAFT.** So the motion to strike would then be anticipated by motions to amend section 502 of the House text in any manner Senators saw fit to amend it. Is that correct?

**MR. O'MAHONEY.** That is correct.

**THE VICE PRESIDENT.** Any motion affecting section 502 would have to be voted on before voting on the committee amendment striking it out. The Senator from Wyoming.

**MR. O'MAHONEY.** Mr. President, one of the aspects of these 10 o'clock a. m. sessions, when committees other than the Finance Committee are meeting, is that we do not have necessarily a full attendance of the Members of the Senate. I desire very briefly to outline, however, the reasons why I feel that title V of this bill should be rejected.

#### INFLATION IS STILL A DANGER

I discussed the matter at some length last Friday, when I pointed out the general aspects of the condition in which the United States finds itself. There can be no doubt in the mind of any informed person who gazes upon the current scene that inflation is the greatest danger this country and the world face. Inflation which will continue to drive prices up, increasing the cost of living upon the one hand, and the cost of national defense upon the other, can undermine our economy unless we have the courage to meet it head-on. No one wants to pay taxes, and those upon whom new taxes fall find many reasons why they should be relieved from them. But my contention, Mr. President, is that the over-all danger to freedom in the world is so great that the Senate of the United States by courageous action upon this bill should make it clear

to all the people how grave the danger is.

We have tried to control inflation by providing for price controls. Many men of many minds have struggled over that bill, and it was impossible to reach a conclusion which was agreeable to all. Price control, I may say, failed.

Mr. President, the price-control bill passed the Senate on the 29th of June, one day before the existing law would have expired and the country would have been deprived of price control. This Chamber reverberated with arguments pro and con about details of that bill, but the practically unanimous conviction of the Senate was that we had to have price controls, and so a defective bill was passed; and the Banking and Currency Committee at this moment is considering amendments to the bill which was passed on June 29. Is not that a clear demonstration of the fact that we are not fighting over principle, but only over detail? Price control, even if the legislation is not amended, is likely to be ineffective; but there is another way in which inflation can be controlled, and that is by levying taxes upon those who are capable of paying them. Mr. President, I have no thought in my mind of criticizing the action of the committee.

**THE VICE PRESIDENT.** The Senator from Wyoming will suspend. If Senators are compelled to converse audibly, so as to interfere with the proceedings of the Senate, they will please retire.

**MR. O'MAHONEY.** Mr. President, I must excuse the Members of the Senate. They were all very attentive, it seemed to me.

**THE VICE PRESIDENT.** Someone was making some unnecessary noise, and it was not the Senator from Wyoming. [Laughter.]

**MR. O'MAHONEY.** I thought that would come.

I say I have no thought in my mind to utter any criticism against anyone, because I know that the situation in which we find ourselves is the result of the tremendous complexity of the problem and the inability of individuals in Washington and in the country to grasp its entire scope at a single glance. It will require only a glimpse of this tax bill to prove to anyone who desires to do it, how exceedingly difficult it is to understand what is meant by it. The tax law has been an accretion of years, with amendment after amendment piled on, and tax lawyers appear before the committees to say, "You must not touch this language, or you must not touch that language, because it has been construed by the courts, and everyone knows what it means."

But I am talking now, Mr. President, about the fundamental question of whether we shall in this bill grant relief to those upon whom the excess-profits tax falls. That law was signed by the President on January 3, 1951. It is not yet a year old. The Department of the Treasury has no thought whatever, no possibility of thought of determining how it is working or what changes should be made, except that we know that it is bringing in revenue.

The Finance Committee, on page 70 of its report says, referring to title V:

In general, the following excess-profits tax amendments made by your committee are effective retroactively to the time the excess-profits tax became effective.

It is estimated that the excess-profits tax amendments discussed below will decrease revenues by \$120,000,000 in a full year of operation.

Mr. President, is that the way to fight inflation—to decrease revenue by \$120,000,000, when we know that by levying taxes we can prevent the competition of \$120,000,000, at least, for the goods that are in the market?

**MR. MILLIKIN.** Mr. President, will the Senator yield?

**MR. O'MAHONEY.** I yield.

**MR. MILLIKIN.** I should be glad if the Senator would demonstrate the point he is endeavoring to make.

**MR. O'MAHONEY.** The demonstration is perfectly obvious.

**MR. MILLIKIN.** The argument goes back to the taxpayer again. If the money goes into the consuming market, what effect has it upon inflation? I should like to see a demonstration of that statement.

**MR. O'MAHONEY.** The demonstration is simply this: Inflation is caused when military consumption and civilian consumption compete for the same product. We now know that certain strategic materials are being allocated because there is not enough to go around.

If we restore \$120,000,000 to corporations, which the records show are now competing for steel, copper, tin, and other strategic materials to expand plants which are designed for civilian production, we are only causing the stream of money seeking to buy civilian goods and the stream of money seeking to buy military goods to enter into competition and drive prices up.

**MR. MILLIKIN.** Will the distinguished Senator answer this question? Supposing the Federal Government received the \$120,000,000; what would it do with it? It would spend it on pay-rolls; it would spend it for workers—

**MR. O'MAHONEY.** It would be spent for military production; it would be spent for workers in military production, and it would not be available for civilian production by the corporations to which it will now go if the committee bill is passed.

**MR. MILLIKIN.** Will the Senator be good enough to let me lay a very brief premise for my question?

**MR. O'MAHONEY.** Yes, indeed.

**MR. MILLIKIN.** Let us assume that the Federal Government received the \$120,000,000: What would it do with it? It naturally would spend it. For what would it spend it? Let us say it would spend it for military goods. Of course, it would not all be spent for military goods, but assume that all of it would be spent for military goods. In that event out of that money the worker who makes military goods would be paid. Some of the money would be spent for hard goods. It takes men working in the quarries, men working in the mines, men working all along the line from production of raw materials to the finished



products to do that job and they, in turn, are paid by the Government, so they have a payroll ready to spend for consumers' goods. What about the quarry owner, the mine owner, the man who produces the basic materials? What does he do with his money? He, in turn, spends a considerable portion of his money for his payrolls. So we have the same amount of money being spent by the Government as would have been spent by the taxpayer. Making some allowance for initial differences in the velocity of the spending, I again ask the Senator, where is the inflation less or more one way than the other?

Mr. O'MAHONEY. It is certainly considerably less when the Government has the money with which to buy the weapons which it is agreed are needed. The money can be spent on plant expansion. The expenditures for plant expansion have been steadily increasing for years. In 1939 the total amount spent for new plant and equipment was \$5,200,000,000. In 1948 it had jumped to \$19,000,000,000. In the first quarter of 1950 it was \$14,800,000,000. In the fourth quarter it was \$23,300,000,000, and in 1951 the rate of expenditure during the first quarter was \$20,650,000,000; in the second quarter, \$25,700,000,000; in the third quarter, \$25,300,000,000. There is every prospect that expenditures by private corporations for the expansion of plant and equipment this year will be in excess of that of the fourth quarter of 1950.

This morning's newspaper carries the story. I am quoting from page 8 of the Washington Post of today a bylined article by Associated Press Reporter Charles Barrett, which reads, in part, as follows:

Defense spending has swung up well ahead of schedule for the first time since rearmament started.

And as a result some officials are scaling up estimates of total Government spending this fiscal year by as much as \$5,000,000,000.

If the appropriations we are making for expenditure by the Government are increasing, how, in all common sense, can we argue that we ought to reduce the tax receipts of the Government? One may make that argument if he pleases, but to me it is utterly lacking in common sense.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. O'MAHONEY. Yes.

Mr. MILLIKIN. Increased spending is one measure of increased inflation. What does the Government do with its money?

Mr. O'MAHONEY. Why levy any tax at all, under the Senator's idea?

Mr. MILLIKIN. I might be somewhat attracted if the Senator will propose an amendment to that effect.

Mr. O'MAHONEY. I am sure the Senator will find a great deal of sympathy for that idea.

Mr. MILLIKIN. I do not say I would vote for it, but I would approach it not with an unfriendly eye; I would give it a very good look if the Senator has in mind anything of that kind. But let us deal with the \$120,000,000. The Government sends it to Chrysler or to General Motors or elsewhere in the country for the purpose of buying munitions. That will not solve any inflationary

problem. Chrysler, General Motors, Ford, and other concerns that are making munitions spend their payroll money for munitions, just the same as they do for automobiles. It all gets back into the spending stream with its impact against the supply of goods.

What brought me to my feet was the Senator's original statement to the effect that if the Government takes in money and spends it, it is noninflationary.

Mr. O'MAHONEY. I did not say that at all.

Mr. MILLIKIN. I understood the Senator to say that.

Mr. O'MAHONEY. Oh, no; the Senator is quite wrong. I did not say that. Of course Government spending is inflationary, just as civilian spending is inflationary. When we are in the situation that the Government must buy munitions of war, then it is considerably more inflationary to reduce the taxation so that money which is in the stream of purchasing power can compete for goods which are in short supply.

Mr. President, I have observed throughout the debate upon this bill that considerable time has been—may I say, wasted—by Senators trying to convince one another, when they know very well that neither one can convince the other. I do not believe that the reduction of Federal taxation upon those who are earning great profits is the way to fight inflation. The Senator may think so, tell us so, and argue so, if he will. But I may say to the Senator we are just wasting one another's time. I have already convinced myself, and the Senator cannot convince me otherwise.

Mr. MILLIKIN. Mr. President, will the Senator yield for just one observation?

Mr. O'MAHONEY. I yield to the Senator from Colorado.

Mr. MILLIKIN. I merely wish to say that the Senator has admitted that which brought me to my feet, to wit, that Government spending is inflationary, just as is any other type of spending, and therefore it follows as a matter of basic logic, that if we desire to reduce inflation, we should reduce Government spending.

Mr. O'MAHONEY. That is correct; and reducing Government spending, and carrying it to the absurd lengths to which the Senator does carry it, would stop all defense activities.

Mr. MILLIKIN. I would not carry it—

Mr. O'MAHONEY. Demobilize the Army, demobilize the Navy, take the Air Force out of the air, then, of course, it would be possible to stop the spending by the Government which is creating our problems. No one is more ready than I to admit that Government spending is at the heart of the problem, but I should like to find the way to cut the Government spending.

Mr. MILLIKIN. I would not carry the reduction to the extreme which the distinguished Senator suggests, for I have identified myself with legislation since Korea which will take about \$15,000,000,000 or \$16,000,000,000 out of taxpayers' pockets in just about 1 year's time.

Mr. O'MAHONEY. If the Senator will bear with me, I will show him shortly why I think that the \$120,000,000 of relief he is supporting for excess-profits taxpayers is not warranted at this time.

The Senator from Oregon [Mr. CORDON] was on his feet a moment ago. I am sure he has an illuminating and interesting comment to make.

Mr. CORDON. Mr. President, the Senator from Oregon was about to suggest that while the Senator from Colorado might not be able to convince the Senator from Wyoming, and while the Senator from Wyoming might not be able to convince the Senator from Colorado, as for the remainder of the Senate, we enjoy the sparring and debate of experts; and the debate itself might be very illuminating and informative to us who are in the field of the amateurs.

Mr. O'MAHONEY. The Senator from Oregon is no amateur in any field in which I have seen him operate. I have sat with him on the Committee on Appropriations, and on the Committee on Interior and Insular Affairs, and I testify gladly, publicly, that there is no greater expert in the Senate than the senior Senator from Oregon, the very amiable and able Senator, GUY CORDON.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes, indeed.

Mr. CORDON. The Senator, as usual, is most complimentary, and proves again that he has visited the Blarney Stone.

Mr. HILL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.

Mr. HILL. Am I to understand that the Senator feels that all the changes the Senate committee recommends in connection with excess-profits taxes will mean a decrease in revenues of only \$120,000,000?

Mr. O'MAHONEY. Oh, no.

Mr. HILL. That is what I thought. As I understand, all the changes which the committee suggests be made will bring about a far more considerable decrease than \$120,000,000.

Mr. O'MAHONEY. The Senator is correct.

Mr. HILL. It is something like \$750,000,000, is it not?

Mr. GEORGE. It is not when we take take into consideration the provisions of the present law. It is with respect to what is expected to be received under the House bill.

Mr. HILL. Yes; in other words, the changes in the law proposed in the House bill.

Mr. O'MAHONEY. I will answer the Senator. I sought to have the provisions of both versions of the bill considered en bloc, but it was deemed that they should be considered separately, so section 502 of the House bill, under the parliamentary ruling, is not now before the Senate. Section 502 made a change in the average earnings credit base from 85 percent to 75 percent, by which it was estimated by the House that an added revenue of \$590,000,000 would be received. Now title V, according to the Finance Committee, cuts \$120,000,000

from the receipts. Added together, the changes made by the Senate committee deprive the Government of an expected and anticipated revenue of \$710,000,000.

Mr. HILL. The changes made by the Senate committee in the bill as passed by the House.

Mr. O'MAHONEY. Yes. I think there can be no question about that. But I call to the attention of the Senate a sentence from the committee report and lay it before the Senate, compared with the action which the Finance Committee has taken with respect to corporate taxes. Senators heard the great debate here the other day in which it was said that it would be unfair to corporations to tax them retroactively to January 1, as provided in the House bill. The Senate committee said, "Oh, no, we cannot make this tax retroactive to January 1. We must make it retroactive only to April 1. True, the Government needs revenue. True, we ought to balance the budget. But it would be utterly unjust," said the committee, or those who argued for the committee's position, to make the taxation retroactive to January 1, as provided in the House bill.

It has upon occasion been the practice of the Congress to make taxes retroactive. But compare the solicitude of those who make this argument against retroactive taxes for the corporations that are to pay the taxes, with the solicitude they extend to the Government of the United States.

The excess-profits-tax law, by its terms, to which the Finance Committee agreed, became effective on the 1st of July 1950. Why? So that the Government might tax some of the excess profits which were earned as the result of the skyrocketing of prices after Korea. I could give the Senate the facts, except that it would take too much time, with respect to the inflationary profits which have been earned as the result of increasing prices. So the committee says on page 7:

In general the following excess-profits-tax amendments made by your committee are effective retroactively to the time the excess-profits tax became effective.

So, Mr. President, on one hand the committee comes to us and says, "Do not make the corporation tax retroactive to January 1 as provided in the House bill. But here are some relief provisions against the burden of excess-profits taxes, and we ask you to make this relief retroactive, not to April 1, 1951, not to January 1, 1951, but to July 1, 1950"—so that those who should be subject to the tax will escape with their profits.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. The Senator will recall, I am sure, that in the excess-profits-tax law of World War II the provisions of section 722 were effective so that relief where needed could be given in the amount required to afford the relief, dating back to the particular time fixed. In the act under which we are now operating we do not have a section 722 procedure, because of the obvious defects of that provision. So we must find some place, some way, to give the relief which

section 722 procedure would have afforded had it operated properly and had we adopted it.

Mr. O'MAHONEY. My impression is that there are about 31 pages in the excess-profits-tax law of 1951, which provides for relief for those who come under its provisions.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. I venture to say that if we were to measure the number of pages involved in the rules and regulations and the administrative actions under the section 722 procedure, which is the only available alternate to relief expressed in this bill, they would be found to occupy thousands of pages.

Mr. GEORGE. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. GEORGE. I am sure the Senator from Wyoming wants to be fair.

Mr. O'MAHONEY. Of course.

Mr. GEORGE. I call the Senator's attention to the fact that when the excess-profits tax was under consideration, that is to say, when we were considering the 1950 tax bill, and subsequently took up the excess-profits tax bill, we stated that we would make the rates effective back to a date not later than October 1, 1951, or possibly July 1. We lived up to that promise. When we wrote the excess-profits tax bill, which was approved on January 3, we made the rates effective back to July 1, 1950.

I also stated in my place, and other members of the committee stated in their places, as members of the Finance Committee at that time, that because of the haste in writing the excess profits tax bill we would be obliged to look at the bill subsequently to see if there were errors or omissions, which ought to be corrected, or if there were hardships imposed on taxpayers for which relief should be provided. As the distinguished Senator from Colorado pointed out, we were not putting in section 722 a general relief provision. We were undertaking to leave the general relief provision out of the present excess profits tax law. So we made the rates effective back to July 1950; and now, with respect to those things which are purely remedial, in accordance with my statement and promise, we have undertaken to correct a few of them back to that date. There are not many of them, but they will lose a little revenue.

#### NO BASIS IN EXPERIENCE FOR RELIEF PROVISIONS

Mr. O'MAHONEY. I am glad that the Senator from Georgia has made that statement. What he has said is correct so far as it goes. What he has omitted to say is really that the Treasury has not yet completed the study upon which this revision was to be based. I agreed, at the time the excess-profits tax bill was passed last year, that there should be such a review. But, Mr. President, the House has made no such review. The Treasury Department has not made a review. Now a few relief provisions come before us.

I invite attention to the fact that in the report of the Finance Committee

filed on December 18, 1950, in the second session of the Eighty-first Congress, Report No. 2679, on page 18, the committee had this to say:

Section 722 (b) (1) and (2) of the prior law provided relief when the income of the taxpayer's base period years was substantially abnormal because of a physical interruption to production, such as a fire, strike, or flood, or because of a depression in the business of the taxpayer resulting from temporary economic circumstances unusual in the case of the taxpayer, such as a severe price war. Your committee's bill provides relief in these same areas.

That is precisely what I was saying—that in the excess-profits tax bill of January 3, 1951, we did provide for relief from a physical interruption to production, such as a fire, a strike, or flood, and in this bill one of the relief provisions is for catastrophe. If a flood is not a catastrophe, if a fire is not a catastrophe, what is the catastrophe which prompted the committee to present an additional relief provision in this bill? My contention is that that section, to which I shall come in a moment, is unnecessary because of what the Senator's committee wrote and said it wrote into the bill of last year.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GEORGE. The Senator wholly misapprehends the meaning of the report.

Mr. O'MAHONEY. Words to me mean only what they say.

Mr. GEORGE. Sometimes they do not mean what they sound like to the Senator.

The committee did say that certain things were taken care of under section 722 of the World War II Act, and that the committee was undertaking to cover those same things—not that it was covering all the relief provisions which could have been provided under section 722. Also, under section 722 relief was given in specific cases, based on the specific industry. The relief which we gave, to which the Senator is referring, because of acts of Providence, fires, floods, and so forth, was not specific relief in a specific case. All the relief we gave then was in the general industry average which we undertook to provide. But we never for a moment thought that we were taking care of all the possible cases which had arisen, which were then pending, or which could arise under section 722. We simply said, "We do not have the time to go into it fully, but since we are making these rates effective back to July, the committee will, as soon as it is able to get to it, do the best it can with relief provisions in those cases which justify relief."

The Senator from Wyoming is quite right in saying that the Treasury has not been able to submit its own recommendations, for the reason that, generally speaking, the excess-profits returns have not been filed. Of course, there have been some excess-profits payments, but not much revenue has been derived from the excess-profits tax. The Treasury thought it would be in a position to give us better information when it had the returns in hand. I, too, thought so,



and I am sure other members of the committee thought so. However, at the same time, since we are again increasing the tax, and since we are raising the ceiling on all corporations, including the excess profits taxpayers, as well as those who do not pay an excess-profits tax, we thought we should look at those cases which had been pressed upon us, and which seemed to the committee to be entirely meritorious, regardless of the fact that returns had not actually been filed with the Commissioner of Internal Revenue, and the Treasury had not made its report.

SOME AMENDMENTS TAILORED TO SPECIAL SITUATIONS

Mr. O'MAHONEY. It seems to me, upon the basis of what the Senator from Georgia has just said, confirming my statement that the Treasury report has not yet been filed and the Treasury study has not yet been made, that the action of the committee is premature. We should not consider these relief provisions until all the evidence is in. I am strengthened in that conviction when I turn to page 316 of the committee bill and read the provisions of section 516, which is entitled "Transition From War Production and Increase in Peacetime Capacity." From a reading of it, the amendment would seem to be tailored with the greatest care to give particular relief. I read from it:

(a) In general: Part I of subchapter D of chapter 1 is hereby amended by adding at the end thereof a new section to read as follows:

"Sec. 459. Miscellaneous provisions.

"(a) Average base period net income—transition from war production and increase in peacetime capacity: In the case of a taxpayer which commenced business before January 1, 1940"—

Observe that the taxpayer must have commenced business before January 1, 1940—

"and since such date has engaged primarily in manufacturing"—

Observe condition No. 2. It must be a manufacturing corporation, and none other. It cannot be a banking corporation. It cannot be a service corporation. It cannot be a distributing corporation. It can only be a manufacturing corporation. Then, proceeding a few lines further we find:

"(1) The adjusted basis for determining gain of the taxpayer's total facilities (as defined in section 444 (d))"—

Skipping a few words—

"did not exceed \$10,000,000.

"(2) The basis (unadjusted) for determining gain of the taxpayer's total facilities \* \* \* on the last day of its base period was 250 percent or more of the basis (unadjusted) for determining gain of its total facilities on the first day of its base period."

Mr. President, there are four conditions. Then we come to paragraph 3:

"(3) The percentage of the taxpayer's aggregate gross income which was from contracts with the United States or related sub-contracts or both was (A) at least 70 percent for the period comprising all taxable years beginning after December 31, 1941, and ending before January 1, 1946, (B) less than

20 percent for the period comprising all taxable years."

There are two more conditions which must be met before relief can be granted.

On page 318, subparagraph 4 reads:

"(4) The monthly average of the excess profits net income of the taxpayer (computed under section 433 (b)) (A) for all taxable years ending with or within the last 24 months of its base period, and (B) for the last taxable year ending before the first day of its base period, are each 300 percent or more of such monthly average for all taxable years."

Mr. President, I wonder how many corporations could possibly benefit under that provision, which contains at least 7 specific definitions of the situation which must exist before relief can be granted.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.

Mr. MILLIKIN. I suggest that the greater number of conditions to make relief more difficult, the more the Senator from Wyoming should be pleased. However, passing that point, I wish to talk about the base to which the Senator has referred. In World War II the base was 95 percent of a theoretical normal. In accordance with the law under which we are operating it is 85 percent. The lower we reduce the base the higher we raise the magnitude of the need for relief. Now it is proposed, I understand, to make the base 75 percent, which will multiply still further the necessity for relief, and it will have to be given either by statute or by some kind of section 722 procedure.

Mr. O'MAHONEY. That, I say, is a very good argument for permitting this matter to wait until the Treasury study has been completed and presented.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. Yes.

Mr. MILLIKIN. It was not necessary, so far as relief was concerned, to wait for the Treasury's review of necessities for the relief. I will say to my good friend, the distinguished Senator from Wyoming. I hold in my hand the transcript of the testimony given before the committee. That is the evidence of the taxpayers, many of whom face confiscation under our excess-profits law.

Mr. O'MAHONEY. Mr. President, it seems to me, from an examination of the condition in paragraph 4 on page 318 of the bill, that it represents no general pattern of experience and it almost seems that its limitations are intended to fit a particular taxpayer alone.

Mr. GEORGE. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. It seems to me that way. Can the Senator from Georgia tell us how many companies would be benefited by it?

Mr. GEORGE. The language to which the Senator from Wyoming has referred was intended to tighten the section so that it would not fit everyone. It was intended that it should not fit a great many people who ought not escape having to pay excess profits taxes, and a great many from having the gross formula which is in the law. There were many companies which had

war work almost exclusively in World War II. They had large plant capacity and many facilities. When they got back into peacetime operation, of course, it was perfectly fair to treat them justly, but what the committee was undertaking to do was to provide that the rather rigid conditions prescribed would have to be met before the companies could have the advantage.

Mr. O'MAHONEY. Does the Senator from Georgia have any idea of how many taxpayers would benefit under this provision?

Mr. GEORGE. I have no idea in the world, but I should like to read from the report. The Senator will see what the committee had in mind. I read from the committee report at page 84:

The attention of your committee has been called to cases where corporations have been fully engaged in war business during World War II and as a result have had difficulties during 1946 and 1947 in converting to peacetime production. As a result, their earnings in these years have been relatively low. Nevertheless, they have invested large amounts in plant and facilities in the anticipation of securing a broad-gauge peacetime market. However, to a substantial degree many such corporations were not successful in tooling up for extensive production until 1949 or 1950. Thus, although they are not engaged in war production, such corporations find themselves subject to heavy excess profits taxes although the war economy has had little effect on their business. To the extent that such corporations had low earnings in 1949, they would receive little benefit from the growth provision generally available, even where they are eligible for it.

Your committee believes—

This is the purpose of the section—that corporations of this type whose profits are attributable to peacetime production should be able to use their earnings experience late in the base period and early in 1950 as the basis for the computation of their average earnings base for excess-profits-tax purposes. Therefore, section 516 of your committee's bill extends to corporations meeting certain requirements the benefits of the special growth formula described in section 435 (e) (2) (G) of the code. In general, this permits corporations to compute an alternative average base period net income on the basis of the sum of one-half of their income in 1948 and 40 percent of their income in 1950.

As to the number of corporations to which it would apply the committee has no actual way of knowing, but it might apply to a good many.

Mr. O'MAHONEY. Mr. President, it seems to me that on the strength of what the Senator from Georgia has just stated, since the committee has no actual basis of determining to how many taxpayers these sections would apply, they are offered to us prematurely.

CASE OF DEALERS IN MUNICIPAL BONDS

Let me briefly give one or two other examples. I wish to call attention to section 508, relating to "Election With Respect to Certain Inadmissible Assets." A reading of the amendment shows that what it really means is election with respect to certain tax-exempt bonds.

Paragraph (c) of the amendment to section 508 is entitled "Treatment of Government Obligations as Admissible Assets." In other words, this amendment permits dealers in municipal bonds and

State bonds and Government bonds of that type to include the amount of such bonds in their inventory in the invested-capital base. The invested-capital base is one of the methods provided for the computation of the excess-profits tax, under the law.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from Wyoming yield to the Senator from Colorado?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. Is not that limited to the dealer's own portfolio, and is not the purpose to draw a distinction between the dealer's own portfolio and that of his client?

Mr. O'MAHONEY. It seems to me to be of doubtful wisdom to permit, by a special relief provision, a dealer of that kind, who has tax-exempt bonds bearing a low rate of interest, as they usually do, to compute those bonds in his capital base, because the result of that inevitably will be to give such a taxpayer an increased return upon those bonds.

Let us assume, for example, the investment of \$100,000 in bonds which produce income at the rate of 2 percent, or only about \$2,000, a year. The effect of putting those bonds into the invested-capital base could easily be to reduce by four, five, or six times the amount of income subject to the excess-profits tax.

And so on through this bill, page after page.

#### CASE OF TELEVISION COMPANIES

Here is the section on television companies, a special section relating to those companies. It is designed to provide relief for those which are both television companies and radio companies, so that the income which a company owning both television stations and radio stations receives may be segregated and the excess-profits tax reduced. Again I say such an amendment ought to await the study which at this time is being made by the Treasury Department.

Mr. MILLIKIN. Mr. President, will the Senator from Wyoming yield for a question?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. Will the Senator say that is an inequitable provision, assuming that the amendment has been properly drawn? Should not a new industry such as the television industry receive special consideration, in the way of giving it some kind of a base against which excess profits are to be measured?

Mr. O'MAHONEY. In the existing law, there are provisions for a growth company, and it seems to me they are altogether adequate so far as we can tell until the study to which I have referred has been made.

On last Friday I quoted from the Television Digest in regard to the tremendous billings now being obtained by those companies. One company in New York—one of the national chains—is charging \$730 or \$740 a minute for its time. The very fact that corporations are able to pay more than \$700 a minute for the utilization of television it seems to me is demonstrable proof that the incomes are running very high.

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I read the advice which certain experts, such as the Prentice-Hall Co., are giving to corporate taxpayers in regard to how to make Uncle Sam bear their burden. What I am afraid of is that in this great crisis when Uncle Sam needs revenue in a very great degree in order to meet the crisis in the world, we shall be concerned about growing companies which can charge \$735 a minute and can get it.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. Seven hundred and thirty-five dollars a minute should be considered in relation to the amount of taxes such companies are paying by the minute and also what their other expenses are by the minute. That is a lurid, I say most respectfully, and one-sided presentation of the picture. I think the television broadcasters are making money; but they did not make money during the base years; and we have to consider that situation in determining how to provide some kind of a constructive base to take care of that business and other new businesses which had no fair base period against which to relate their so-called excess profits.

In the particular case about which the Senator is speaking, if it is reasonable to give a new industry a reconstructed base because it had no fair base during the normal base-period years, then it is reasonable to draw a distinction, in the case of commingled business, between its income from the industry in which it had a normal base and its income from the industry in which it had no base at all or nothing but a tragically deficit base.

Mr. O'MAHONEY. All of which, Mr. President, seems to me to be an argument, again, for postponing the consideration of relief provisions until after the study has been made by the Treasury Department.

In view of the statement the Senator from Colorado has made, I now wish to ask unanimous consent to have printed at this point in the RECORD some of the material included in the observations I made in the Senate on September 21, 1951, namely, beginning at the bottom of the second column of page 11834 of the RECORD, under the heading "Does the television industry need tax relief," and ending on page 11835 with my sentence, "I think it shows a record of profit which demonstrates beyond any reasonable doubt that the relief provisions of this bill should not be approved."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

#### DOES THE TELEVISION INDUSTRY NEED TAX RELIEF?

One of the relief provisions in this bill is a provision intended to offer relief to the television industry. It is a growing industry. No can deny that. But does it need relief? Has not the time come for it to pay a larger share of the burden of defending a Nation which maintains the opportunity for it?

On the 8th of September, Television Digest magazine contained an interesting article, from which I desire to read. The heading is

"Fabulous Upswing in TV Billings." I read from the article:

#### "FABULOUS UPSWING IN TV BILLINGS"

"Sell-outs of time on telecasting stations and networks are currently at such an amazing rate that one New York station alone will achieve 1951 billings of close to \$8,000,000 after frequency discounts. That would mean gross sales of somewhere around \$10,000,000, as ordinarily calculated in the trade.

"That's far more than any 50-kilowatt radio station has ever grossed—most likely is highest for any TV station, albeit many other telecasters have gone into seven-figure grosses and we know several who admit 'pushing \$5,000,000.'"

Do they need relief, Mr. President?

I continue reading:

"The station is NBC-TV's New York key WNBC, with base hour rate of \$3,750 as of August 15, 1-minute rate of \$775. It's possible WCBS-TV, rival key, will do just as well, for its rates are the same and it's also reported to be a sell-out."

In other words, the television industry, in this one station, is collecting from business corporations a 1-minute rate of \$775 and yet the Finance Committee asks us to give them relief.

I resume reading the article from Television Digest:

"WNBC's astonishing achievements points up wave of prosperity that is being enjoyed by just about all the 107 TV stations. Most are operating in the black now, and the few that may show losses for year will do so because of deep red-ink starts and because they must yet pay off the huge costs of pioneering."

"The WNBC and WCBS-TV rates are highest in country, former's comparing with \$1,200 on companion WNBC, latter's with \$1,350 on companion WCBS (latter highest rate in radio). Other New York TV station base hour and 1-minute rates are: WJZ-TV, \$3,100 and \$650 (WJZ rate is \$1,200); WABD, \$2,200 and \$500 (no AM); WOR-TV, \$1,500 and \$300 (WOR \$1,200); WPIX, \$1,500 and \$281.25 (no AM); WATV, Newark, \$800 and \$165 (WAAT \$264).

"TV networks as such are still far from the black—but all owned-and-managed stations are now profitable. Indeed, NBC-TV's five outlets will gross some \$17,000,000 this year (after discounts). From independent operators of TV with AM stations, most of them reluctant to disclose actual figures, this comment is typical: 'Radio is up, but our TV revenue is now more than double our radio.'"

"We estimated \$250,000,000 in time sales this year for networks and stations combined, just few weeks ago (vol. 7:32). That figure now looks conservative."

Shall the Senate grant them relief, or shall the Senate ask them, if they make excess profits, to pay the regular excess-profits rate?

I continue reading from the article from Television Digest:

"For network time sales are really zooming. August NBC-TV network sales—not including its own stations—will overtake dollar volume of AM network's time sales. For September, we're informed, with season in full swing and new rates in effect, NBC-TV network volume will very nearly double NBC-radio network volume."

"The other TV networks are going up, too—but it's the stations they own that offset network losses. ABC-TV's five outlets give it fiscal edge over Dumont with three and CBS with two, plus 45 percent of third. But the hard runner for second place in network TV buildings is CBS-TV (see PIB figures, vol. 7:34). CBS now seeks more stations, proposing to buy Paramount's WBKB, Chicago, for \$6,000,000, and proposing also to get them by way of new-station applications and grants at freeze's end."



This is the testimony of Television Digest, an industry publication. It is not the testimony of any person or group who desire to overburden industry. I think it shows a record of profit which demonstrates beyond any reasonable doubt that the relief provisions of this bill should not be approved.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. MILLIKIN. The Senator referred to the large earnings of the television companies in 1951. He suggests that they can use the growth formula. I simply point out to him that the present relief for growth companies is not available to taxpayers who experienced their primary growth after 1949.

I suggest also to the Senator that the new companies do not escape taxation. They get the benefit of a graduated formula which assumes that after a fair period of time in which they can firmly establish their growth they will pay full taxes, along with older established companies.

#### THE CASE OF NEWSPAPER CONSOLIDATION

Mr. O'MAHONEY. Mr. President, let us look at page 320 of the bill, section 518, Consolidation of Newspapers. I read:

Section 459, as added by sections 516 and 517 of this act, is hereby amended by adding after subsection (b) thereof the following new subsection:

Then begins the new subsection (c), "Consolidation of newspaper operations." This section gives special consideration to newspapers increasing profits by merger or consolidation. Why should we condone or reward the merger of newspaper corporations by providing a decrease in their excess-profits-tax liability? Let us look at the language. This relief is granted if—

(1) After the close of the first half of the base period of the taxpayer and prior to July 1, 1950, the taxpayer consolidated its mechanical, circulation, advertising, and accounting operations in connection with its newspaper publishing business with such operations of another corporation engaged in the newspaper publishing business in the same area.

It must be in the same area. It relates to a consolidation. I continue:

(2) The taxpayer establishes to the satisfaction of the Secretary that, during the period beginning with the consolidation and ending with the close of the first taxable year beginning after the consolidation, such consolidation resulted in substantial reductions in the amounts which would otherwise have been paid or incurred as expenses in the conduct of the operations described in paragraph (1).

Here is a very similar provision. A newspaper which merges with another newspaper, and by that merger decreases its operating expenses and thus increases its profits, is granted relief.

The fourth provision in subparagraph 4, on page 321, is also interesting.

Mr. GEORGE. Mr. President, if the Senator from Wyoming will permit me, I should like to say to him in all candor that the section which he has just been discussing does not deal with corporate mergers. It deals only with the consolidation of the mechanical facilities, and

a reduction in costs brought about in that way.

I should also like to say to the Senator that, while the committee accepted this amendment, the amendment really accomplishes nothing, because under the same circumstances the taxpayer would be entitled to all the relief that is given. It gives the taxpayers a growth formula. That does not do them any good. Probably those who are interested in this amendment may offer an additional amendment, and if the amendment is offered, the discussion, of course, might be pertinent at that time. But actually this provision would not affect the tax liability, except in a very negligible way, if at all.

Mr. O'MAHONEY. Why, then, does not the Senator withdraw this section?

Mr. GEORGE. Other Senators are interested, who may wish to offer another amendment. I have not agreed to accept it, but they have a right to offer it, of course.

Mr. O'MAHONEY. Why not withdraw this provision, which does nothing, which affords no relief, and which, in the words of the Senator from Georgia, is ineffective? Why not withdraw this amendment now, and wait until an amendment is offered by some Senator which really would accomplish something?

Mr. GEORGE. I stated to the Senator that frankly I wished him to understand he was discussing this as if it were a merger of corporations, which it is not.

Mr. O'MAHONEY. Yes; and I am glad the Senator reminded me of that.

Mr. GEORGE. It is merely a consolidation of facilities. They have the same privilege, which this section gives them, anyway. That is what I meant to say about its serving no purpose.

Mr. O'MAHONEY. That is what I have been saying all along with respect to most of these amendments, that relief provisions are already contained in the existing law, so why provide new ones?

Mr. GEORGE. I called the Senator's attention to it in all fairness. In all candor, let me say that he is discussing something without understanding what he is talking about, and those who thought this amendment gave them certain relief now wish to offer another amendment, which has not yet been offered.

Mr. O'MAHONEY. The Senator has chided me because I said this amendment dealt with mergers. Of course, I base that upon the provisions of the amendment. The Senator tells me it is not a merger in the sense that the corporate structure would be turned over. All that would be taken over, the Senator tells me, is the mechanical circulation, advertising, and accounting operations in connection with the newspaper publishing business. In other words, what the consolidation effected in this case means is taking all the business assets of the corporation and leaving the corporate shell. The Senator says that for that reason the discussion of the Senator from Wyoming is based upon a failure to understand the facts.

Mr. President, the books are full of cases in which monopolistic mergers have been effected by just this device, the purchase of the assets of a corporation and the discarding of the corporate structure.

Mr. GEORGE. Mr. President, I hope the Senator will not fall into greater error.

Mr. O'MAHONEY. I hope not.

Mr. GEORGE. The newspapers which are covered by this section are still in existence. They have not gone out of business; they have not been merged at all. They simply united their mechanical facilities, and in that way sought to reduce costs.

Mr. O'MAHONEY. Will the Senator tell us which newspapers they are?

Mr. GEORGE. I do not recall. I did not offer the amendment, but I frankly say the amendment seems to me to make no change in the law as it now stands.

Mr. O'MAHONEY. The Senator from Georgia is very frank; he is always frank. I have never known a Senator on this floor who was more objective in the presentation of his views than the Senator from Georgia. I accept as a statement of complete veracity any statement he makes.

Mr. GEORGE. I thank the Senator.

Mr. O'MAHONEY. The Senator knows that. The Senator knows the great admiration I have for him.

Mr. GEORGE. I thank the Senator very much. My judgment is that this amendment does not make any change in the existing law.

Mr. O'MAHONEY. Very well. Then I say the Senator has demonstrated that it has no place in the bill, until some Senator comes along and presents an amendment which has some meaning.

Mr. GEORGE. I think the Senator is correct in that.

Mr. O'MAHONEY. Then let us withdraw it.

Mr. President, I could go through this bill section by section. I do not intend to do so. Unfortunately we are dealing with a most complex subject. I thought I had a terrible burden as chairman of the subcommittee on military appropriations, but I said yesterday to both the Senator from Georgia and the Senator from Colorado that I know the burden of the Appropriations Committee was nothing as compared to that of the Finance Committee in dealing with the complexities presented by the pending tax bill. The basic fact is that corporate profits are running tremendously high, that the excess-profits-tax law which is on the books was enacted on the 3d of January this year, and that the tax burden was made retroactive to the 1st of July, so as to pick up post-Korean profits.

#### RELIEF PROVISIONS ARE PREMATURE

With reference to the relief provisions, the Senator from Georgia has told the Senate it is utterly useless to undertake to grant relief in certain specific cases. The Senator read from the report a moment ago, and mentioned some cases which were brought to the attention of the committee. I note that the Treasury is studying the matter, and I feel confident, therefore, that title V should not

be agreed to, particularly when the facts before us with respect to corporate profits are so clear.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. I am somewhat confused by the repetition of the Senator's theme that we do not have sufficient facts to warrant the relief provisions.

Mr. O'MAHONEY. I may say to the Senator that the best brains and knowledge in the House Committee on Ways and Means, in the Senate Committee on Finance, in the Joint Committee on Taxation, and in the Department of the Treasury ought to be used together in studying the relief provisions and suggesting what they shall be. I say again that the Treasury, which has not yet had 12 months in which to work on the subject, has not had the basic facts of the operation of the law before it. Until that study is completed, the relief provisions are premature.

Mr. MILLIKIN. I suggest that, by the same token, if we do not have sufficient facts for the relief provisions, we do not have sufficient facts for the increase in excess-profits taxes which the Senator would impose. I may add that the Treasury did not think that we had and did not advocate an increase in excess-profits taxes.

#### CORPORATE PROFITS AND NATIONAL INCOME

Mr. O'MAHONEY. I am glad the Senator has made that statement. I should like to refer all Members of the Senate to the publication of the Joint Committee on the Economic Report entitled "Economic Indicators for September 1951." On page 23 there appears the story of corporate profits. Corporate profits, before taxes, in 1939—understand, I say "before taxes"—amounted to \$6,500,000,000. Corporate dividends this year, in the second quarter, were running at the rate of \$9,700,000,000.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. Would the Senator mind adding what the national income was in 1939?

Mr. O'MAHONEY. I can give that in a moment.

Corporate profits in 1939 were \$6,500,000,000. In 1944, while we were still in the war, corporate profits before taxes amounted to \$24,300,000,000. In 1946, after the war, they dropped to \$23,500,000,000. In 1947 they went up to \$30,500,000,000 before taxes; in 1948, they mounted to \$33,800,000,000. In 1949 there was again a drop, a drop to \$28,300,000,000. Yet that is more than four times the amount of such profits before the war.

In 1950, after Korea, corporate profits jumped to \$41,400,000,000, and dividend payments made in 1950 amounted to \$9,200,000,000. Not only was that true, Mr. President, but undistributed profits held back by the corporations in 1950 amounted to \$13,600,000,000. That was last year. That is the record of post-Korea profits.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. The national income is now in excess of \$275,000,000,000, but the value of the dollar has considerably decreased since 1939.

Mr. O'MAHONEY. The Senator is quite correct. The national income is about \$273,000,000,000, and for the first time since before we became involved in World War II, the national income, in 1951, is running at a rate greater than the national debt. Never was the Nation in a better position to pay taxes than it is now, with an income once more greater than the national debt.

Mr. MILLIKIN. The national debt is not being reduced, and the national income is being stimulated in this fiscal year by perhaps \$70,000,000,000 of the people's money.

Mr. O'MAHONEY. I will say to the Senator that the irrefutable fact is that since the shooting in World War II stopped in 1945, after the payment of \$20,000,000,000 upon the national debt, reducing it from \$276,000,000,000 to \$256,000,000,000, the national debt has hovered just about at that level. It may go up if we reduce the tax liability of the corporations which are making such great profits.

Mr. MILLIKIN. Let me remind the Senator, in the interest of an accurate record, that the \$20,000,000,000 reduction to which he refers represented unexpended funds which had been obtained by overraising money in bond drives.

Mr. O'MAHONEY. I would not say it was overraising of money. The bond issue was authorized by the Congress, and there was no dissent with reference to it in the Congress. The country raised \$20,000,000,000 before the bombs dropped upon Japan, and after the bombs dropped and it was clear that the war was over, the entire proceeds of the bond issue were, by order of the President, applied upon the national debt.

Mr. MILLIKIN. I was merely trying to make clear that the \$20,000,000,000 debt reduction was not an economy reduction.

Mr. O'MAHONEY. It was an application of surplus funds to the debt.

Mr. MILLIKIN. Not through economies.

Mr. O'MAHONEY. But from that time on the national debt hovered rather steadily at about \$256,000,000,000. Last year, on June 30, when the fiscal year closed, there was a surplus of more than \$3,000,000,000 in the Treasury. That was because the Finance Committee of the Senate and the Ways and Means Committee of the House increased taxation, so a balanced budget was achieved on the 30th of June 1951.

All in the world, Mr. President, I am arguing for is a continuation of the balanced budget by not cutting down the revenue of the Federal Government as the report of the Finance Committee has told us this bill will do.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. I suggest that the surplus remaining occurred primarily through an underestimate of the revenues which would be coming into the

Treasury and an underestimate of the rate of expenditure.

Mr. O'MAHONEY. The surplus as of June 30, 1952, was due to the simple fact that under the tax bills which were enacted in the second session of the Eighty-first Congress we deliberately raised money to put the country on a pay-as-we-go basis.

It is true, of course, that the purchase of war implements lagged, but as I pointed out a moment ago, it is beginning to pick up again. An Associated Press dispatch circulated all over the country this morning tells us in words that cannot be misunderstood:

Defense spending has swung up well ahead of schedule for the first time since rearmament started.

#### INFLATION IMPOSES GREATER BURDEN THAN TAXES

We are getting into the swing of things, and we are preparing and acquiring the materials which are necessary to enable this Nation to prevent the advance of communism. But what I want to remind the Senator, with the greatest solemnity, is that while I believe the United States is protecting itself militarily against communism, it stands in grave danger of making itself economically weak if it loses courage now to apply the taxes which are necessary to pay for the implements of war we are buying.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. Mr. President, is it not likewise true that further deficit spending at this particular time, when consumer goods are in short supply and purchasing power outstrips the availability of goods, would but result in creating credit money in the banks, which in turn would stimulate purchasing power, thereby bringing about a scarcity of consumer goods and driving up consumer prices on the one hand and driving up defense costs on the other hand? We have had that documented again and again. So the result is the taxpayer gets it coming and going; he gets it coming on the uptake, in high prices, and going, in the high cost of defense; which means new taxes.

Mr. O'MAHONEY. The indisputable fact is that inflation places a heavier burden upon the people and the corporations than do the taxes.

Mr. HUMPHREY. Have we not heard the argument repeated again and again by both public and private persons that one of the effective ways of dealing with the problem of inflation is by a tax bill which puts the budget in balance and siphons off what is attributed as excess purchasing power? Is that not the case?

Mr. O'MAHONEY. There can be no question about that. That is the unanimous view of financiers and economists. It has been repeated over and over again. The Committee on the Economic Report was unanimous in stating that to be the rule. There can be no doubt about it. But here we are afraid to put the hand in the pocket and pay the cost. What are profits as compared with human life? We send the soldier into battle. We send the aviator behind the jet plane to penetrate the barrier of sound in the atmosphere, and we take no account of



his risk. But when the proposal is made to levy a tax upon the dollar of profit, then we hear the protests ring from every corner of the country.

Mr. President, my position upon this matter is only that we are laying ourselves open to economic attacks which will injure us at home.

I remember that about 6 months or a year ago the insurance industry was filling the newspapers with half-page and page ads under the heading, "The enemy within the gate—inflation," setting forth sound and cogent arguments why the American people ought really to pay the taxes which are necessary in order to meet the burden by paying as we go. What is wrong about that?

I stood upon this floor and voted to support the Finance Committee when it undertook to levy a tax upon mutual banks and savings banks. I know that many Senators could certainly make an earnest and honest argument against that tax. I voted with the committee for the tax it recommended on farmers' co-operatives, because I wanted, and feel that we ought to have more revenue, and that everybody should join in trying to obtain it. But I say it does not make good sense, when we are taxing the co-operatives and the mutual savings banks, to provide relief from excess-profits taxes to corporations which on the general record do not seem to need it.

Mr. HUMPHREY. Mr. President, will the Senator yield again?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. The Senator from Wyoming, in his work as chairman of the Joint Committee on the Economic Report—and I read the reports of the committee every time I receive a copy—has indicated again and again that we are confronted, not only by a temporary emergency, but that we very probably face a rather long ordeal of tension and international crisis.

#### NATION FACES LONG-TERM ECONOMIC STRAIN

Mr. O'MAHONEY. Mr. President, let me say to the Senator what my belief is, and it is based upon the evidence and the testimony which I have seen, and on the observations I have made with respect to what is going on in the world. I stated it upon the floor the other day. I do not believe that Russia now is planning an attack upon this country. I do not believe that Russia wants to precipitate a third world war now. I believe, with Winston Churchill, that the fact that the United States has the atom bomb, and the Russians know we have it, has prevented the Red legions from going to the Atlantic Ocean. I know that as the western nations of Europe become stronger, the position of the free world becomes stronger.

The Russians are depending upon two things. First and foremost, they are depending upon their conviction that the capitalistic system is outmoded and is dead, and is too greedy to protect itself, too unwilling to pay out of its profits the taxes which are necessary to defend itself. They said so in their book. Not only the Russian and the German Communists, but the English Communists have said the same thing.

The second point upon which they are basing their policy is that of trying

to get the free world involved in little wars around the periphery.

The greatest danger is exactly that which the insurance industry pointed out a few months ago. It is the danger within our own borders, the danger of inflation, the danger which comes from a lack of courage to walk up to the line and do what we can do by taxation to prevent inflation and to arm the United States so that Russia will continue to be unwilling to fight.

So, I believe in the principle upon which Mr. Wilson is handling our defense mobilization, that by devoting from 20 to 25 percent of our national income to military preparation and paying for it as we buy it with the revenues of the Government, we shall be able to save the capitalistic system. I say to the managers of corporations who haunt the lobbies of Congress asking for favors and for relief, and asking that they be given a little better position than some others, that if they think they are saving their own hides, they should remember that they may be destroying the economy without which they could not exist.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LEHMAN. The Senator from Wyoming has given figures as to corporate profits for the years 1939 to 1950. I do not think he gave the figures for the first half of 1951. According to the record I have before me, which is published by Dun's, corporate profits after taxes for the first 6 months of this year are running very considerably in excess of those for the similar period in 1950.

Mr. O'MAHONEY. According to our report, corporate profits after taxes for the first quarter of 1951 were running at the rate of \$23,300,000,000 on an annual basis. That is greater than the \$22,800,000,000 for the whole year of 1950. It is greater than the \$17,300,000,000 for 1949. It is greater than the \$20,700,000,000 for 1948. It is greater than the \$18,500,000,000 for 1947. It is greater than the \$13,900,000,000 for 1946. So never since the end of World War II have corporate profits after taxes been running at a greater peak than during this period.

Let me make a comparison, suggested by the Senator's question. Corporate profits after taxes, which were \$22,800,000,000 in 1950, were greater, by almost four times—certainly by three times—than corporate profits were at any time before we got into World War II.

Mr. LEHMAN. Mr. President, will the Senator yield for another question?

Mr. O'MAHONEY. Yes, indeed.

Mr. LEHMAN. Is it not a fact also that the industrial production of the country for the first two quarters of 1951 ran not only very greatly in excess of the industrial production during the similar period in 1950, but also very greatly in excess of the last quarter of 1950, when there already was a considerable benefit accruing to the productive capacity of the country because of the war in Korea?

Mr. O'MAHONEY. There can be no doubt about that. I hope the Senator will be good enough, at the conclusion

of my remarks, to place the material from Dun's Review in the RECORD, because it comes from a completely and utterly unprejudiced, impartial business source. There is no organization in the country which makes a more objective study of our economy than Dun's. It is known all over the Nation. Dun's Review is its regular report monthly to the country.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Wyoming yield to the Senator from Colorado?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. Is it not true that dividends and undistributed profits have declined since the last quarter of 1950, to the end of July?

Mr. O'MAHONEY. No; I think not. The Senator is wrong about that. In 1950, for the entire year, dividend payments were \$9,200,000,000. In the second quarter of 1951 they were running at \$9,700,000,000. Undistributed profits in 1950 amounted to \$13,600,000,000, as I said earlier; and in the second quarter they were running at \$12,300,000,000. But in the first quarter they were running at \$14,500,000,000.

Mr. MILLIKIN. Is it not correct that dividend payments and undistributed profits have declined since the third quarter of 1950? Or must I read from the Economic Indicator prepared for the Joint Committee on the Economic Report, of which the distinguished Senator is chairman?

Mr. O'MAHONEY. Corporate profits after taxes in 1951 are certainly lower than they were in 1950, before we levied the excess-profits tax.

Mr. MILLIKIN. May I ask the distinguished Senator whether my statement is correct?

Mr. O'MAHONEY. The Senator's statement is correct, but I am pointing out that it is correct because last year we had the courage to levy the excess-profits tax, and I am saying now that if we lose that courage, and if we begin to create loopholes and grant relief, the inevitable result will be that we shall create a deficit. And if we create a deficit, with the unpaid debt of World War II, the unpaid debt of World War I, and the unpaid debt of the depressions, we shall be weakening the national economy and inviting the greatest danger this Republic ever faced.

I have an abiding and unshakable faith in the people of America. I know that we are going to go through, but I say to the Senate that we are not going to go through with the ease with which we can go through, if we make our path difficult by continually trying to save the profits of those who are making greater profits than at any other time in their history.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LEHMAN. We have been estimating the expenditures of the Government for the year 1951 at between sixty-eight and one-half and seventy billion dollars. In the article to which the Senator from Wyoming referred, the esti-

mate of Government expenditures because of the increased production of armaments is placed by many experts at approximately \$73,000,000,000. If those figures are correct, then, of course, the estimated deficit of \$10,000,000,000 before giving effect to this or any other tax bill would be considerably in excess of \$10,000,000,000.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. I think that would be correct if we could assume that the present rate of spending might continue, and if we could assume that all the estimates of revenue are correct. The revenue estimates in a period of rising national income are usually underestimated. So the picture may not be so gloomy as it appears. We find that the surplus which we discussed a while ago, in the last fiscal year, resulted from an underestimate of the speed of spending, and from an underestimate of what our tax laws would produce in the way of revenue.

I am glad to know that we seem to be on a faster defense spending program than we have been. I hope it will continue. But also, by pumping inflationary money into the economic stream we are rapidly increasing the national income. Thus we rapidly increase the source of taxes. We might be amazed at the amount of revenue this bill might bring in. In any event, if there is a difference between what this bill will produce and, let us say, the President's estimate of what the Government will spend, let us share the burden. Let him reduce non-essential expenditures by an amount equal to what he thinks will be the deficit. I suppose I shall hear that that is impossible. I should be delighted to hear such a ludicrous exposition.

Mr. O'MAHONEY. Mr. President, the Senator from Colorado referred to corporate profits after taxes as an evidence, I take it, that the corporations are unable to bear this terrific burden.

Mr. MILLIKIN. Mr. President, will the Senator yield for a correction?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. I did not represent that as an evidence of what the Senator thinks my point was. I represented it merely as a deterrent to what I thought were some very ebullient figures which the distinguished Senator was tossing into the air, giving the impression that we were on an ascending ladder of corporate profits, corporate gains, and corporate villanies—

Mr. O'MAHONEY. The Senator is putting words in my mouth. I said nothing about corporate villanies.

Mr. MILLIKIN. I merely wished to introduce a deterrent by showing that dividends and undistributed profits were declining, showing a trend in a direction contrary to the general trend of the Senator's argument.

Mr. O'MAHONEY. Let me show how mistaken the Senator from Colorado is about it. First, let me correct him by saying that I have said nothing about corporate villany. It is an easy word to put in my mouth. I have great admiration for the great majority of the corporate executives of America.

Mr. MILLIKIN. I have heard the distinguished Senator from Wyoming say—and how truly he spoke—that God blessed the United States of America in these troublous times in that we have powerful corporations, which have made sufficient profits so that they can shoulder the great burden of national defense. I believe I heard the Senator from Wyoming speak those words. Of course, he said them better than I said them, but they come to the same thing.

Mr. O'MAHONEY. I would never compete with the Senator from Colorado in diction; no indeed. I do say that without big business we could not build the great machines we need for defense. I want the RECORD to be quite clear that I pointed out, before the Senator interrupted me—

Mr. MILLIKIN. I am sorry.

#### CORPORATE PROFITS AND HIGHER TAXES

Mr. O'MAHONEY. I pointed out that corporate profits before taxes in the first quarter of 1951 were running at the rate of \$51,800,000,000; that in the fourth quarter of 1950 they were running at the rate of \$50,300,000,000; that the rate for the entire year of 1950 was \$41,400,000,000, and that for the second quarter of 1951 it was \$48,500,000,000.

Therefore, it is quite obvious that on the record of a rate of profit of \$51,800,000,000 in the first quarter of 1951 and on the record of a rate of profit of \$48,500,000,000 for the second quarter of 1951, corporate profits before taxes are greater by almost \$7,000,000,000 than they were in 1951. Of course, corporate profits after taxes are lower because, with the efficient aid of the distinguished Senator from Colorado, we have levied a higher tax upon them. I am saying to the Senator, to the Senate, to the country, and to the corporate managers that the corporations can bear a greater rate than is levied on them now and they do not need the solicitude which is exemplified in the revision of this bill.

Mr. KERR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KERR. The chart to which the Senator from Wyoming has referred shows a decline in the second quarter of 1951, as compared with either the fourth quarter of 1950 or the first quarter of 1951, which indicates that at the time the chart was prepared the trend was downward. I refer to corporate profits before taxes as well as corporate profits after taxes. Is that correct?

Mr. O'MAHONEY. Oh, yes.

Mr. KERR. We have no way of knowing to what extent that decline will continue.

Mr. O'MAHONEY. No.

Mr. KERR. That is, in the third quarter of 1951 or the fourth quarter of 1951. Is that correct?

Mr. O'MAHONEY. That is correct.

Mr. KERR. I should like to ask the Senator from Wyoming whether it is a matter of any concern to him.

Mr. O'MAHONEY. My feeling is that when the records for 1951 are available it will be clear that the profits are increasing. I believe that there will be no doubt about it. I do not believe that there is the slightest danger that the final result will be of such a character

from the point of view of corporate profits that anyone in the counting rooms of any of the corporations will be worried.

I have in my hand the report of the Committee on Finance. The Senator from Oklahoma [Mr. KERR] is a distinguished and able member of the committee. It is the report on the bill which is now before the Senate. On page 19 of the report the committee states that the level of profits before taxes, on the commerce basis, would be about \$48,000,000,000. So we have \$48,000,000,000, which is estimated by the committee, although the figures for the first and second quarter would indicate that profits are running very far above that. Nevertheless, we would have a corporate rate of profits before taxes which is greater than in 1950, far greater than in 1949, greater than in 1948, greater than in 1947, and greater even than in 1946.

Mr. KERR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. In a moment I shall be glad to yield.

Mr. President, I shall ask unanimous consent to have the figures which are set forth on page 23 of the Economic Indicators for September 1951 published at this point in the RECORD. It is a list of corporate profits. Of course, the chart cannot be printed, but I shall furnish the document to the reporter later.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

#### CORPORATE PROFITS

After reaching an all-time peak in the first quarter of 1951, corporate profits before taxes, according to preliminary indications, turned downward in the second quarter:

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability	Corporate profits after taxes		
			Total	Dividend payments	Undistributed profits
1939.....	6.5	1.5	5.0	3.8	1.2
1944.....	24.3	13.5	10.8	4.7	6.1
1946.....	23.5	9.6	13.9	5.8	8.1
1947.....	30.5	11.9	18.5	6.6	12.0
1948.....	33.8	13.0	20.7	7.2	13.6
1949.....	28.3	11.0	17.3	7.6	9.7
1950.....	41.4	18.6	22.8	9.2	13.6
Annual rates, seasonally adjusted					
1949: First quarter....	31.8	12.3	19.4	7.4	12.0
Second quarter....	26.7	10.3	16.4	7.5	8.9
Third quarter....	28.0	10.9	17.1	7.4	9.7
Fourth quarter....	27.0	10.5	16.5	8.0	8.5
1950: First quarter....	31.9	14.4	17.5	7.8	9.7
Second quarter....	37.5	16.9	20.6	8.4	12.2
Third quarter....	45.7	20.5	25.2	9.4	15.8
Fourth quarter....	50.3	22.5	27.8	11.1	16.7
1951: First quarter....	51.8	28.5	23.3	8.8	14.5
Second quarter <sup>1</sup> ....	48.5	26.5	22.0	9.7	12.3

<sup>1</sup> Estimates based on incomplete data; by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See p. 22 for profits before taxes and inventory valuation adjustment.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

Mr. KERR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.



Mr. KERR. The point which the Senator from Oklahoma had in mind was with reference to whether the trend of the profits was up or down. I should like to ask the Senator from Wyoming if he would not feel a good deal better about the situation if at the end of the year 1951 profits were on the increase, instead of, as seems possible now from the chart to which the Senator has referred, the year 1951 may end with the trend of corporate profits on the decrease?

Mr. O'MAHONEY. I do not agree with the Senator from Oklahoma that there is a decrease, because profits are on the increase as compared with other components of national income. As pointed out last Friday, profits before taxes were 440 percent greater in the first half of 1951 than they were in 1940, and 77 percent greater than they were in 1949.

Mr. KERR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. In the first half of 1951 profits after taxes were 253 percent greater than they were in 1940, and they were 31 percent greater than they were in 1949. On the basis of that 31-percent increase, I cannot see any cause to be at all alarmed. I have observed over and over again, in the computation of the figures, that the amount of profit varies from quarter to quarter. It increased in the last half of last year, and it is likely to increase again because the increased amount of Government purchasing of implements of war will make it almost impossible for the trend to be down.

Mr. KERR and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield; and, if so, to whom?

Mr. O'MAHONEY. I yield further to the Senator from Oklahoma.

Mr. KERR. Does not the chart which the Senator holds in his hand show that each quarter of 1950 reflected greater profits than the preceding quarter; that the first quarter of 1951 reflected greater profits than either; and that during the second quarter of 1951 there was a decrease of about 6 percent, as compared with the first quarter of 1951? Is that correct?

Mr. O'MAHONEY. That is correct, but in 1949, it shows that profits for the first quarter were \$31,800,000,000. They dropped to \$26,700,000,000; then increased to \$27,000,000,000, and in the first quarter of 1950 they shot up again to \$31,900,000,000.

Mr. KERR. It is only a matter of judgment with the Senator, is it not, whether the rest of this year will show corporate profits continuing downward or beginning to go back up again?

Mr. O'MAHONEY. The Senator from Oklahoma will permit me, I am sure, to say that he and I had a colloquy on the floor of the Senate during the last session when the excess-profits tax was under consideration, and at that time he asked me what corporate profits would be for the calendar year 1950. In August 1950, when we were having that debate, I estimated that corporate profits for the calendar year 1950 would be

\$40,000,000,000. The Senator from Oklahoma thought that figure was too high.

Mr. KERR. Did I say so?

Mr. O'MAHONEY. The Senator from Oklahoma did say so, indeed.

Mr. KERR. What were the words I used? Will the Senator quote my words?

Mr. O'MAHONEY. I do not have the words of the Senator from Oklahoma before me, but they are in the RECORD, and I can get them. However, I distinctly remember that he and I had that debate, and that the Senator from Oklahoma thought I was expanding the corporate profits for the calendar year 1950 when I said that, in my opinion, they would reach approximately \$40,000,000,000. They actually turned out to be \$41,400,000,000.

I say to the Senator it is simply idle to talk about the details. All I wish to do is call the attention of the Senate and of the county to the fundamental point: And the fundamental point is that if we do not have a pay-as-we-go system we are inviting economic disaster. All I am doing is asking that corporate executives march up to the line and contribute of their profits to the maintenance of the Government and the capitalistic system which has given the world the greatest and highest standard of living of all times.

Mr. HUMPHREY. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield to the Senator from Minnesota.

Mr. HUMPHREY. After all this discussion about the rate of corporate profits, I think one fact stands out very clearly and indisputably, namely, that the first quarter of 1951 was the best quarter of corporate profits since World War II, during World War II, or prior to World War II. In other words, the gross profits were running at the rate of more than \$50,000,000,000 a year. Yet the fact is equally clear that the Senate Finance Committee exempted the first quarter of 1951 from the increased rates proposed for the three last quarters of 1951, for which the profits are now said to be running at less than the rate of profits in the first quarter.

I ask any member of the Finance Committee to show me the logic of a decision of that kind. If for 1950 quarter No. 2 and quarter No. 3 and quarter No. 4 profits were running at a lower rate than for quarter No. 1, and if in quarter No. 1 of 1951 profits were running at a higher rate than in quarter No. 1, quarter No. 2, quarter No. 3, or quarter No. 4 of 1950, what was the logic and what was the compelling reason, as brought forth by the evidence and the testimony, and what was the rationale and what was the force of policy or opinion which compelled the Senate Finance Committee to exempt profits for the first quarter of 1951 from the higher rates?

Mr. KERR. Mr. President, will the Senator from Wyoming permit me to answer that question? It will take me only a minute to do so, if the Senator from Wyoming will permit.

Mr. O'MAHONEY. Mr. President, let me say that I have been on the floor

altogether too long. I began to speak when the Senate completed its quorum call this morning. I have been answering or trying to answer every question which has been addressed to me. I say now, as I said at the beginning of my remarks, that I hate to waste time trying to convince the members of the Finance Committee that they were wrong. I do not expect them to be convinced.

The Senator from Oregon [Mr. CORDON] was kind enough to say, when I had a colloquy with the Senator from Colorado [Mr. MILLIKIN], that he enjoyed the give and take between the Senator from Colorado and the Senator from Wyoming, and that he believed he might learn something from it. However, I observed that immediately afterward he left the floor.

We have present in the Senate Chamber at this time only members of the Finance Committee and a few stalwarts on the side of a balanced budget and of a tax bill which will help to balance the budget.

I say to the Senator from Oklahoma that now I will yield to him, to enable him to have an opportunity to give to the Senator from Minnesota the 1-minute answer which the Senator from Oklahoma said he wished to give; and then I shall conclude. I am giving notice now that I am about to conclude.

Mr. KERR. Mr. President, I thank the Senator from Wyoming for the opportunity he has granted me.

I wish to say to the Senator from Minnesota that the situation he described does not exist. The bill does not exempt at all the first quarter of 1951. The bill applies three-fourths of the increase which it imposes to the entire calendar year 1951, and that applies to the first quarter with the same force that it applies to either of the other three quarters.

So when the Senator from Minnesota asks why we would exempt the first quarter and why we would tax the other three quarters, he is asking his question on the basis of a mistaken understanding of what the facts are, because the increased rates apply to the first quarter of 1951 with the same force that they apply to the other three quarters of 1951.

Mr. HUMPHREY. Mr. President, will the Senator from Wyoming yield to me, so that I may reply to the Senator from Oklahoma?

Mr. O'MAHONEY. Mr. President, if the Senator from Minnesota will permit me to do so, I wish to conclude.

Mr. HUMPHREY. I shall be very brief.

Mr. O'MAHONEY. All the Senators sitting around me have had their lunch, but I have been talking without having had my lunch.

Mr. HUMPHREY. I shall take less than a minute, if the Senator from Wyoming will yield to me.

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. I should like to read from the report of the Finance Committee, Report No. 781, United States Senate, Eighty-second Congress, first session, page 12, at the bottom of the page, beginning with the sixth line from the bottom. I shall read this portion of the report; and let me say that

one of the things which I feel sure I can do in connection with this bill and the debate on it is to read what appears in print:

The normal tax and surtax rate changes provided by your committee's bill are effective as of April 1, 1951, and are to terminate as of December 31, 1953. The House bill sets January 1, 1951, as the effective date but has no termination provision.

That is what the committee report says.

On the other hand, based on the argument made by the Senator from Oklahoma, let me say that if the increased rates are to be applied on a three-quarter basis over the entire year, that still will not give to the first quarter the treatment it should have on the basis of the high corporate income during the first quarter.

The Senator from Oklahoma will have to prove to me that this portion of the committee report is a misprint.

Mr. KERR. All the Senator from Minnesota needs to do is read the report, and I shall address myself to it when I have a chance to take the floor.

Mr. O'MAHONEY. I thank the Senator from Oklahoma.

Now, Mr. President, let me conclude by asking unanimous consent to have printed at this point in the RECORD a table from which I was reading a moment ago, showing profits compared with other components of the national income for the years 1940 and 1949 and the first half of the year 1951.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Profits compared with other components of national income—increase in gross national product and selected components from 1940 and 1949 to first half of 1951<sup>1</sup>*

	1940	1949	First half 1951	Percent increase first half 1951 over 1940	Percent increase first half 1951 over 1949
	Bil. dols.	Bil. dols.	Bil. dols.		
Gross national product.....	101.4	257.3	323.8	219	26
National income.....	81.3	216.7	273.6	237	26
Salaries and wages.....	51.8	139.9	174.6	237	25
Profits before taxes.....	9.3	28.3	50.2	440	77
Profits after taxes.....	6.4	17.3	22.6	253	31

<sup>1</sup> Partial estimate by Council of Economic Advisers.

Mr. O'MAHONEY. Mr. President, let me say now that the Finance Committee and the Treasury Department are agreed upon one thing, namely, the amount of Government expenditures which are likely to be made during the fiscal year 1952. Both committees estimate these expenditures at \$62,400,000,000.

Mr. GEORGE. Mr. President, may I correct the Senator from Wyoming?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Georgia?

Mr. O'MAHONEY. Yes, indeed.

Mr. GEORGE. The Finance Committee never undertakes to estimate the expenditures of the Government. The Finance Committee takes the estimated expenditures as submitted by the Gov-

ernment, because heaven only knows and we do not know what the administration is going to spend. I simply wish to correct the Senator on that point.

Mr. O'MAHONEY. I shall accept the Senator's statement, as always, when he tells me that he accepts the estimates of the Treasury Department in regard to what the expenditures may be.

Mr. GEORGE. That is true.

Mr. O'MAHONEY. But, of course, I say to the Senator from Georgia that no one knows what the Congress of the United States may appropriate for expenditure, and no one knows what the Congress of the United States may impose as taxation in order to increase the revenue of the Government. So we have the expenditure estimate accepted all along the line as \$68,400,000,000.

Mr. THYE. Mr. President, will the Senator from Wyoming yield to me, to permit me to propose a unanimous-consent agreement?

Mr. O'MAHONEY. Mr. President, if the Senator from Minnesota will permit me to do so, I desire to conclude, and I shall do so in a few moments; and then the Senator from Minnesota can obtain the floor.

Mr. THYE. I am listening to the Senator from Wyoming, and I shall wait.

Mr. O'MAHONEY. If the Senator from Minnesota will pardon me, and will let me conclude, I shall appreciate it.

Mr. THYE. Certainly.

#### SENATE BILL PRODUCES GREATER DEFICIT THAN HOUSE BILL

Mr. O'MAHONEY. The estimate of the Treasury Department was that under the present law the receipts would be \$58,500,000,000, and that there would be incurred a deficit of \$9,900,000,000. Under the House bill the Treasury staff estimates that the receipts will be increased to \$62,300,000,000 leaving a deficit, not of \$9,900,000,000 but of \$6,100,000,000.

The Treasury's estimate is that under the Senate bill, with expenditures the same, \$68,400,000,000, the receipts will be reduced to \$60,800,000,000, leaving a deficit of \$7,600,000,000.

Therefore, it is clear that from the Treasury estimate this Senate bill with its relief provisions will result in a deficit of \$1,500,000,000 more than the House bill.

The Finance Committee estimates that upon the basis of the expenditure of \$68,400,000,000 and receipts under the House bill of \$65,800,000,000, the deficit would be \$2,600,000,000. As in the case of the Senate bill, it acknowledges in its estimate that the receipts will be reduced from \$65,800,000,000, as estimated by its own staff, to \$63,600,000,000, thus producing a deficit of \$4,800,000,000, or an increased deficit of \$2,200,000,000.

Mr. President, it seems to me that that in itself, in the words of the committee, acknowledges that this tax bill will result in a deficit, a greater deficit than under the House bill. For that reason I am firm in the conviction that the Senate should reject the excess-profits tax relief provisions, which, according to the testimony before the Finance Committee, will cut \$120,000,000 from the bill.

Mr. President, I ask unanimous consent that this table from which I have been reading may be printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

#### Estimates of revenue receipts fiscal year 1952

[Billions of dollars]

Item	Treasury Department	Finance Committee
Present law:		
Expenditures <sup>1</sup> .....	68.4	68.4
Receipts.....	58.5	60.9
Deficit.....	9.9	7.5
House bill:		
Expenditures <sup>1</sup> .....	68.4	68.4
Receipts.....	62.3	65.8
Deficit.....	6.1	2.6
Senate bill:		
Expenditures <sup>1</sup> .....	68.4	68.4
Receipts.....	60.8	63.6
Deficit.....	7.6	4.8

<sup>1</sup> Estimated by the Bureau of the Budget.

<sup>2</sup> Finance Committee Report, p. 1, 63.6 minus 2.7. (Figure of 64.7 was error in printing; Joint Committee on Internal Revenue Staff says figure should have been 63.6.)

<sup>3</sup> Informally provided by Tax Advisory Staff, Treasury Department, over the telephone; not official estimates of the Secretary of the Treasury. He has announced no official estimates.

<sup>4</sup> Finance Committee's estimate of 60.9, present law, plus 4.9, p. 2, Finance Committee Report, table 1, column 2.

Source: Staff, Joint Committee on the Economic Report; Sept. 20, 1951.

Mr. O'MAHONEY. I yield the floor.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 657. An act to amend and clarify the District of Columbia Teachers' Leave Act of 1949, and for other purposes; and

S. 645. An act to amend the District of Columbia Teachers' Salary Act of 1947.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 48) providing for the recall from the President and the reenrollment of Senate bill 1786 for the relief of certain officers and employees of the Foreign Service of the United States.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3860. An act to amend the act for the retirement of public-school teachers in the District of Columbia;

H. R. 4419. An act to amend the District of Columbia Teachers' Salary Act of 1947;

H. R. 4703. An act to provide that the Board of Education of the District of Columbia shall have sole authority to regulate the



vacation periods and annual leave of absence of certain school officers and employees of the Board of Education of the District of Columbia;

H. R. 4859. An act to provide for granting to officers and members of the Metropolitan Police force, the Fire Department of the District of Columbia, and the White House and United States Park Police forces additional compensation for working on holidays;

H. R. 5235. An act to authorize and direct the Commissioners of the District of Columbia to make such studies and investigations deemed necessary concerning the location and construction of a bridge over the Potomac River, and for other purposes;

H. R. 5256. An act to secure the attendance of witnesses from without the District of Columbia in criminal proceedings; and

H. R. 5329. An act to increase the salaries of the Metropolitan Police, the United States Park Police, the White House Police, members of the Fire Department of the District of Columbia, and employees of the Board of Education of the District of Columbia.

#### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 810) for the relief of Howard I. Smith, and it was signed by the Vice President.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles, and referred to the Committee on the District of Columbia:

H. R. 3860. An act to amend the act for the retirement of public-school teachers in the District of Columbia;

H. R. 4419. An act to amend the District of Columbia Teachers' Salary Act of 1947;

H. R. 4703. An act to provide that the Board of Education of the District of Columbia shall have sole authority to regulate the vacation periods and annual leave of absence of certain school officers and employees of the Board of Education of the District of Columbia;

H. R. 5235. An act to authorize and direct the Commissioners of the District of Columbia to make such studies and investigations deemed necessary concerning the location and construction of a bridge over the Potomac River, and for other purposes;

H. R. 5256. A bill to secure the attendance of witnesses from without the District of Columbia in criminal proceedings; and

H. R. 5329. An act to increase the salaries of the Metropolitan Police, the United States Park Police, the White House Police, members of the Fire Department of the District of Columbia, and employees of the Board of Education of the District of Columbia.

#### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 25, 1951, he presented to the President of the United States the enrolled bill (S. 810) for the relief of Howard I. Smith.

#### THE DEFENSE SAVINGS BOND DRIVE—PAROWAN, UTAH, FIRST CITY IN UNITED STATES TO BE 100 PERCENT SUBSCRIBED

Mr. BENNETT. Mr. President, at this time I rise to bring to the attention of the Senate the wonderful job being done by the people of America in supporting their country in the huge savings bond drive now going on throughout the United States. The national drive began last September 3 and is being given substantial support by Americans everywhere.

It is not surprising that the people of America, and the people of Utah, particularly, support their country in times of need. However, I feel that the performance of some of the people in my State is worthy of considerable commendation. As encouragement to the people of America in general, I desire to briefly bring to the attention of the Senate a few of the facts surrounding the current bond drive which was launched in the communities of Utah as recently as September 17.

Mr. Thomas L. Hesselton, Director of National Organizations, United States savings bonds, has advised me this morning that the city of Parowan is the first city in the United States to be 100 percent subscribed to the bond drive. This city has a population of approximately 1,500 people. It normally would not be reached by organized promoters of the Treasury Department program. However, the tremendous community spirit of its citizens has resulted in every employer in the city setting up a bond-subscription program and every employee subscribing for some bond purchases through his employer. This is a record that has not yet been equaled by any other town in America, regardless of size and prominence.

Mr. President, I ask that the remainder of my remarks may be printed following this statement, in the body of the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the remainder of Mr. BENNETT's statement was ordered to be printed in the RECORD, as follows:

Another illustration of the patriotism of the people of Utah and of the people of America is the almost unbelievable response of the people of Panguitch, in Garfield County, Utah, and of Monroe in Sevier County, Utah. At the outset of the bond drive in Utah, Nelson Aldrich, chairman of the community activities group of the State savings bond drive, offered a plaque to the first community with 80 percent employers subscribed to savings bonds plans—80 percent employers subscriptions is basis for being declared a so-called "flag city." The Utah drive got underway 8 a. m. on September 17. Before 8:05 a. m. the local representatives of Monroe and Panguitch were in a tie effort to reach the State headquarters by telephone to report their attainment of "flag" qualifications and to claim the right to the coveted plaque. Because of the tie Mr. Aldrich has decided to award each of the cities a plaque.

Utah has also accredited herself in the bond drive. At the present time it leads the entire Nation, regardless of population variance, in the number of flag cities. At the present time 14 cities have received flag awards and 4 others have submitted qualifying data and await only official notice. The 14 Utah cities with flag awards are: Richmond, Wellsville, Centerville, Farmington, Huntington, Panguitch, Parowan, Morgan, Monroe, Garfield, Helper, Bountiful, Tootle, and Moroni.

Mr. President, I think substantial credit is due to Mr. Charles Smith, of Salt Lake City, Utah, State chairman in this bond drive. Tremendous impetus has been given to the community activities drive, by Nelson Aldrich, who heads the drive, and to Sheldon Olds, who is chairman of the Iron County committee, the county in which Parowan is

located, and to Mayor E. Ray Lyman, of Parowan. But the most significant thing about their work is that they have accomplished a unity of purpose among the people of Utah and inflamed in them the desire to contribute to the needs of their country in time of emergency.

One most noteworthy fact about this entire matter, Mr. President, is the performance by those people who are feeling the impact of the Korean war most vitally, the wives and families of our Utah servicemen who are in combat in Korea. The Parowan chairman is Mrs. Max Dalley, wife of the operations officer of the Two Hundred and Thirteenth Armored Field Artillery Battalion, which has served with unexcelled distinction in Korea the past 6 months. She spearheaded this drive in the home communities of this National Guard battalion. Despite hardships and privations caused by the absence of their loved ones, these people have supported their men overseas by their sponsorship and contributions in this bond drive. No finer American spirit could be shown than that now being displayed by these people.

I want to quote a brief portion from a letter which has been received in my office from one of the officers of the Two Hundred and Thirteenth Armored Field Artillery to illustrate what our Utah men are doing while receiving such unqualified support from home. This officer wrote:

"On April 23 the Sixth ROK Division left us and we pulled out, under orders, and intact, making an 8-mile withdrawal to Kapyong and for the next 5 days made rear-guard actions down the Pukhan River. Then on May 27 we led the offense back into the same area on task forces and during the early morning hours became involved in a perimeter fight against an estimated 4,000 Chinese which ended up by noon with our battalion taking 831 prisoners. This is more prisoners than some of the American divisions have taken in the Korean campaign."

Mr. President, I suggest that that action and other comparable activity reflects credit on the approximately 600 men in the Two Hundred and Thirteenth Armored Field Artillery Battalion of the Utah National Guard. I am sure that the members of the Two Hundred and Fourth Field Artillery Battalion of the Utah National Guard have acquitted themselves in Korea with comparable credit. I think that the action of their wives and loved ones at home, in Utah, in sponsoring this bond drive and contributing unqualifiedly to it reflects the finest kind of support that they could give these fine men. Mr. President, I submit that the support to the bond drive being given by the people of Utah, in the 14 flag cities and others likely to become flag cities, is indicative of a spirit of unity and patriotism on the grass-root level. This is the spirit that makes America strong.

#### REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. O'MAHONEY. Mr. President, the pending question is on agreeing to the committee amendment entitled "Title V—Excess Profits Tax." This morning the question was decided by the Chair, namely, that title V is now before the Senate for adoption or for rejection. I have asked for its rejection, and upon this question I now ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment with reference to the excess-profits tax. The Senator from Wyoming asks for the yeas and nays. The yeas and nays were ordered.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hendrickson	McMahon
Bennett	Hennings	Millikin
Benton	Hickenlooper	Monroney
Brewster	Hill	Moody
Bricker	Hoey	Morse
Butler, Md.	Holland	Mundt
Butler, Nebr.	Humphrey	Murray
Byrd	Hunt	Neely
Cain	Ives	Nixon
Capehart	Jenner	O'Connor
Carlson	Johnson, Colo.	O'Mahoney
Case	Johnson, Tex.	Pastore
Clements	Johnston, S. C.	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Dirksen	Kilgore	Schoeppel
Douglas	Knowland	Smathers
Duff	Langer	Smith, Maine
Dworshak	Lehman	Smith, N. J.
Eastland	Lodge	Smith, N. C.
Eaton	Long	Sparkman
Ellender	Magnuson	Stennis
Ferguson	Malone	Taft
Flanders	Martin	Thye
Frear	Maybank	Underwood
Fulbright	McCarran	Watkins
George	McCarthy	Welker
Gillette	McClellan	Wiley
Green	McFarland	Williams
Hayden	McKellar	Young

The PRESIDING OFFICER (Mr. Moody in the chair). A quorum is present. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BENTON (when his name was called). Here. A parliamentary inquiry. Is this a vote on the committee amendment?

Mr. O'MAHONEY. Mr. President—

Mr. KERR. Mr. President—

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. BENTON. "Yea."

Mr. O'MAHONEY. I desire to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. First, has a quorum been called?

The PRESIDING OFFICER. Yes. A quorum is present.

Mr. O'MAHONEY. A quorum is present. Then I desire to ask the Chair to state the question.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment inserting title V on pages 288 to 331.

Mr. O'MAHONEY. Mr. President, I desire to state that the committee amendment which is under discussion now is under title V, granting certain relief from the excess-profits tax. I have asked for the rejection of that amendment and have presented what I believed to be sufficient argument to sustain the rejection of the amendment, and I shall vote "nay."

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

The legislative clerk called Mr. BREWSTER'S name.

Mr. KERR. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Oklahoma. The Chair is

informed by the Parliamentarian that the roll call cannot be interrupted.

Mr. KERR. I ask unanimous consent to make a point of order, Mr. President.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Reserving the right to object, I should like to inquire whether any Senator has yet answered to his name on the call of roll.

The PRESIDING OFFICER. There has been a response to the roll call.

Mr. SALTONSTALL. There has been a response to the roll call?

Mr. McFARLAND. I believe the Senator from Oklahoma was on his feet trying to get recognition at the time the response was made.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. HUMPHREY. Reserving the right to object—

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. I want to find out from the Chair: Has any Senator answered the roll call?

The PRESIDING OFFICER. The Senator from Connecticut answered the roll call.

Mr. KERR. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. I heard the Senator from Connecticut say "here" in response to what he thought was a quorum call. I was standing by him when he did it.

The PRESIDING OFFICER. Is there objection to allowing the Senator from Oklahoma to make a statement?

Mr. SALTONSTALL. Reserving the right to object; if the clerk's record shows that a Senator's name has been called and he has voted either "yea" or "nay," then I must respectfully object.

Mr. TAFT. Mr. President, I did not hear the Chair say "A quorum is present. The clerk will call the roll." Those words may have been said, but I was sitting here listening, and I heard no such statement.

The PRESIDING OFFICER. The Chair did so state.

Mr. STENNIS. Mr. President, a point of order.

Mr. O'MAHONEY. Mr. President, I want to make this statement. When the—

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. O'MAHONEY. The roll call has not been started.

Mr. STENNIS. Mr. President, a point of order.

Mr. McFARLAND. Mr. President, a point of order.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the Senator from Oklahoma may make an argument in response to the argument I made this morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming? Hearing none, it is so ordered.

Mr. McFARLAND. Wait a minute. A parliamentary inquiry. I heard the Senator from Connecticut answer "here." He did not answer "yea." nor

"nay." So not any Senator has voted on this amendment.

Mr. HUMPHREY. Mr. President—

Mr. BENTON. Mr. President, when I was corrected and informed it was a vote on the committee amendment, instead of a quorum call, then I answered. I voted "yea" in response—

Mr. McFARLAND. The Senator from Oklahoma was trying to get the floor at the time, and was entitled to the floor to speak. Debate cannot be cut off when a Senator is on his feet trying to get recognition.

The PRESIDING OFFICER. Is there objection to the Senator from Oklahoma making a statement?

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HICKENLOOPER. Does that mean that any other Senator who wishes to make a statement cannot make a statement?

The PRESIDING OFFICER. I think the situation can be straightened out if unanimous consent were granted to withdraw the roll call.

Mr. McFARLAND. Am I not correct in saying that the Senator from Oklahoma was addressing the Chair when the Senator from Connecticut voted?

The PRESIDING OFFICER. The Chair did not see him. He could have been.

Mr. BENTON. That was my impression about it.

Mr. McFARLAND. There can be no question about it. The Senator from Oklahoma was addressing the Chair at the time the Senator from Connecticut voted.

Mr. HUMPHREY. Mr. President—

Mr. McFARLAND. Mr. President, I ask unanimous consent that the vote be vacated.

Mr. HUMPHREY. Mr. President—

The PRESIDING OFFICER. If the Senator from Oklahoma will make the statement that he was addressing the Chair at the time, the roll call will be vitiated.

Mr. KERR. Mr. President, the Senator from Oklahoma was seeking recognition at the time the Senator from Connecticut said "here" in response to his name.

The PRESIDING OFFICER. Under the precedents the roll call will be vacated. The Senator from Oklahoma is recognized.

Mr. HUMPHREY. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield to the Senator for a question.

Mr. HUMPHREY. I merely wish to state that the Senator from Oklahoma is absolutely correct. I was standing alongside him at the time he addressed the Chair, when the Senator from Connecticut was wondering whether it was a roll call or a quorum call. The Senator is absolutely correct in his statement.

Mr. KERR. The Senator is eminently correct. The Senator from Oklahoma wishes to make a few very brief remarks.

The Senator from Wyoming [Mr. O'MAHONEY] made a very brilliant, comprehensive, and effective presentation of his viewpoint, to the effect that title V



of the bill as reported by the committee should not be agreed to. However, I invite the attention of Senators to the fact that repeatedly in his speech he said that the Senate should not adopt title V, because the Finance Committee had not had time to give due consideration to the relief measures which it reported. I wish to say that the Finance Committee was in session not only for days, not for weeks only, but for months.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. O'MAHONEY. I am sure the Senator will recall that my statement was not that the Finance Committee did not devote time to this bill. My statement has been that the Treasury Department has not yet completed the study upon which it is engaged, to determine what the results have been of the excess-profits-tax law which was enacted only on the 3d of January last, and therefore that the relief provisions reported by the Finance Committee are premature.

I make no criticism of the committee. On the contrary, I think the committee has labored very hard with a most complex problem. But I say that the presentation of relief measures now, before we have had the benefit of the Treasury's study, is altogether premature, particularly when the Senate Finance Committee says that these amendments would cut the revenue of the United States by \$120,000,000.

Mr. KERR. I thank the Senator for his remarks. In reply, let me say that the argument that the Treasury has not had time to make its study with reference to relief provisions under this bill is equally applicable to the fact that the Treasury itself did not ask for any increase in the excess-profits-tax bill. The Senate Finance Committee was not confronted with a theory, but with a fact. The House had made drastic increases and sweeping changes with reference to the excess-profits tax.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. KERR. I shall be glad to yield in a moment. The action of the House differed from that which had been enacted by the Congress in the preceding year, and the Senate Finance Committee was confronted with the alternative either of accepting what the House did or merely deleting it, or, on its own—which is in accord with both its responsibility, and its duty, as well as its privilege—making a study upon which it could feel justified in reporting to the Senate certain corrective amendments and changes which it might feel were not only justified, but mandatory, in order that the tax structure might not be punitive, might not be solely for the purpose of penalizing, but in order that it might be on the basis of that which would equitably, justly, and appropriately bring in as much revenue as possible without at the same time destroying those who produce it.

I now yield to the Senator from Wyoming for a question.

Mr. O'MAHONEY. Is not the Senator aware that the question before the Sen-

ate at the moment does not include the action of the Finance Committee in striking out what the House did about excess profits taxes?

Mr. KERR. Certainly the Senator from Oklahoma is aware of that.

Mr. O'MAHONEY. All questions about the House action are irrelevant to the pending issue, which is merely whether or not the Senate shall approve the reduction of \$120,000,000 by way of relief from the excess-profits tax contained in title V.

Mr. KERR. It is not at all irrelevant, because the distinguished Senator from Wyoming himself, at the beginning of his remarks, said that in view of the close relationship between the question of retaining title V on the one hand, and the question of striking the provisions written by the House—as was done by the committee—on the other hand, the two subjects should be considered together. It was only on the objection of the chairman of the committee that they were not considered together.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield for a question.

Mr. O'MAHONEY. The Senator will recall, I am sure, that when I rose this morning I propounded a parliamentary inquiry, introducing it with the statement that because of my appreciation of the deep and arduous labors of the committee and of its members I would like to expedite action and therefore wanted to know whether we could vote en bloc upon the two amendments. It was decided that we should not vote en bloc, and that we should confine ourselves to title V; and I am sure the Senator will recall that thereafter throughout the discussion I did confine myself to the relief provisions.

Mr. KERR. The Senator is entirely correct; but that does not change the conclusion stated by the Senator from Oklahoma, that the same argument with reference to the lack of ability on the part of the Treasury to make the study which the Senator from Wyoming indicates it desires to make, and needs to make before being prepared to do that which it wishes to do with reference to recommending changes, is applicable to the fact that the Treasury itself has not sought during this session to increase the burden of the excess profits tax. It was only when the House did so that the Senate Finance Committee, in accordance with its responsibility, went into the question for months and listened to the cases and to the arguments of those who were adversely affected and in many cases were faced with destruction if relief provisions were not formulated and written into the bill. On that basis it was done; and I certainly hope that the Senate will support the recommendation of its committee in this regard.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. TAFT. Is it not also true that under the excess-profits tax of the World War there was a general relief provision, which we refer to as section 722—I think not quite accurately? Under

that provision a board was set up to consider various cases of hardship brought about by the excess-profits tax, because it was recognized that we could not enact an excess-profits tax without many cases of hardship.

Mr. KERR. The Senator is entirely correct.

Mr. TAFT. Is it not true that it was on the request of the Treasury last year that we put no such provision in the law? The Treasury itself said, "We think it ought to be dealt with by statute." In the last year there were two or three general relief provisions.

The extension of further relief provisions is in entire accord with the general theory of the Treasury. To a certain extent our committee sat as a section 722 board. In other words, since it opposed the creation of a separate board to consider relief cases, the committee had to consider relief cases itself. Therefore, the particular relief provisions in the bill are special provisions recognizing certain definite inequities, pointed out to us by clear evidence in one case after another, in order to afford the same kind of relief which was afforded under section 722 in the World War Tax Act.

Mr. KERR. The Senator from Ohio is entirely correct. The committee was further convinced, on the basis of its own deliberations, as well as on the basis of the recommendations of the Treasury, first, that there was needed a provision embodying the principle enunciated in section 722, but that it would be far wiser to approach it on the basis of definite legislation in every instance possible, instead of again reenacting section 722 which was written in a previous statute and which had been found both by the Treasury and the taxpayers to be very cumbersome and almost unworkable.

One of the points to which I should like to invite the Senate's attention is the provision in these amendments with reference to new business and small business. The committee held long hours of hearings on the cases of small business and new business which did not have an experience during the base period and which would not be benefited by it if it did. Much of the language which the Senator from Wyoming seeks to strike from the bill is that which is aimed directly and solely toward benefiting small business and new business, which was not even in operation during the base period.

I repeat, Mr. President, that it would be tragic if this title were stricken from the bill.

Mr. GEORGE. The Senator from Wyoming has left the Chamber, but I am willing to give unanimous consent, after only a 10- or 15-minute statement, to vote on this particular amendment and his amendment to strike out a subsequent section of the bill. If we can have an agreement for a vote on the amendment without further debate, I shall be very glad to have that done.

Mr. MILLIKIN. Mr. President, I did not quite hear the proposal of the distinguished Senator from Georgia.

Mr. GEORGE. I said that I would be willing to join in a unanimous-consent

agreement, if we can get it, to vote upon the motion to strike out all of title V, and also the motion which the Senator from Wyoming said he wished to include in it, to disagree to title VI, which deals with the base period of 75 percent as against 85 percent. I said I would be willing to vote on both the proposals if I could have 10 or 15 minutes to speak on them, or if any other member of the committee could have that time to discuss them.

Mr. MILLIKIN. I should like to have 4 or 5 minutes.

Mr. GEORGE. I should be glad to give the Senator from Colorado the entire time. If we could get that kind of agreement, I should be very glad to enter into it.

Mr. O'MAHONEY. Mr. President, if I may respond—

Mr. GEORGE. If we could have 15 minutes to respond to the Senator from Wyoming, I should be glad to vote on both title V and the subsequent title.

Mr. O'MAHONEY. Since I made the proposal this morning to vote upon these amendments en bloc—and it was rejected by the Senator—I find that there are numerous Members of the Senate who feel that different amendment of the committee fall into different categories, and they would prefer to split title V.

The Senator from Georgia said that one of the amendments effected no result at all, and that some Senators may wish to offer an amendment to it. So I shall not consent to a unanimous-consent agreement for such a vote until I have had an opportunity to consult other Senators who are in general agreement with the position which I have taken. If the Senator from Georgia will defer his request for a little while, perhaps we can come to an understanding, but at the moment it would be impossible for me to agree to such a request. I was merely endeavoring to expedite the action of the Senate.

Mr. GEORGE. I was only saying that I would be willing to join in such an agreement, if the Senator wished it. I am still willing to do so. I do not know how long the Senator would want to enable him to ascertain whether other Senators wished to speak on the amendment.

Mr. O'MAHONEY. Title V comes from the committee containing sections 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 519, 520, and also 521, which is merely the effective date section. The committee recommends section 518, which is an amendment to provide for the consolidation of newspapers. The Senator from Georgia has said that that section really accomplishes nothing. I should be very glad indeed to have section 518 presented now for a vote.

Mr. GEORGE. The Senator's motion to strike out the whole of title V is what I had reference to. I am willing to vote on that. I only ask for about 10 or 15 minutes to reply to the Senator from Wyoming.

Mr. O'MAHONEY. I believe the Senator from Georgia misstates the parliamentary situation. The Senator from Wyoming has made no motion. Under

the agreement which, on the request of the Senator from Georgia, was entered when the bill was first taken up for consideration it was provided that the committee amendments should be agreed to en bloc, with the proviso that upon the request of any Senator any amendment could be considered de novo. That parliamentary status was clearly indicated this morning. I shall be completely frank with the Senator from Georgia. Since the conclusion of the argument some Members of the Senate have stated to me that they would like to support some of the committee amendments and oppose other committee amendments.

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. UNDERWOOD in the chair). Does the Senator from Georgia yield for that purpose?

Mr. CASE. Mr. President, will the Senator from Georgia yield to permit me to propound a parliamentary inquiry?

Mr. GEORGE. I yield, so far as I am concerned.

The PRESIDING OFFICER. The Senator from South Dakota will state the parliamentary inquiry.

Mr. CASE. Has not an order already been entered for a yeas-and-nays vote on a certain amendment or motion; and if so, what is the amendment or motion?

Mr. GEORGE. Mr. President, my information is that that occurred while I left the Chamber for lunch.

I wish to speak for not more than 10 or 15 minutes. If what the Senator from South Dakota has suggested is true, of course the amendment cannot be altered or changed, under the rule.

The PRESIDING OFFICER. The ordering of the yeas and nays on an amendment does not preclude—

Mr. KERR. Mr. President, will the Chair speak a little louder, please?

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that the ordering of the yeas and nays on an amendment does not preclude the offering of a perfecting amendment to it, which would take precedence over the original amendment and over the order for the call of the yeas and nays.

Mr. GEORGE. Mr. President, I am not offering a perfecting amendment. I am accepting the amendment as offered; and the yeas and nays have been ordered on it, as I understand. I would simply like to have a short time in which to argue and debate it.

Mr. O'MAHONEY. Mr. President, I have not submitted an amendment. The only amendments before this body now are the amendments reported by the Finance Committee; and under the agreement entered on request of the chairman of the Finance Committee, which he presented to the Senate in his own words, those amendments were adopted en bloc on the day the Senator from Georgia made his statement on the bill, and then they were open—in his own words—to being considered de novo upon the request of any Senator.

The parliamentary ruling of the Chair now is, I think, entirely correct, namely, that a perfecting amendment is in order

at any time. If the Senator from Georgia wants me to offer a perfecting amendment, I shall offer an amendment, but not at the moment.

Mr. KERR. Mr. President, will the Senator from Wyoming yield for a question?

Mr. O'MAHONEY. I ask the Senator to wait a moment, please.

Under the parliamentary ruling of the Chair, it would be possible for me to offer a perfecting amendment to the committee amendment, by striking out section 518, and I shall be prepared to do so if I cannot arrive at an understanding with the Members of the Senate, so that we may proceed in an orderly manner.

My attempt all during today has been to conserve the time of the Senate, and particularly the time of the members of the committee.

Mr. KERR. Mr. President, will the Senator from Wyoming yield for a question?

Mr. GEORGE. Mr. President, the motion by the distinguished Senator from Wyoming was to strike out all of title V. I am offering no amendment; I merely wish to be heard on that motion.

Mr. O'MAHONEY. Mr. President, I offered no such motion. I requested the Senate to reject the amendment of the committee.

Mr. President, I move a perfecting amendment: to strike out the—

Mr. KERR. Mr. President, will the Senator from Wyoming yield for a question?

The PRESIDING OFFICER (Mr. MOODY in the chair). Does the Senator from Wyoming yield to the Senator from Oklahoma?

Mr. O'MAHONEY. Yes, I yield.

Mr. KERR. Did the Senator from Wyoming request the yeas and nays a few moments ago?

Mr. O'MAHONEY. Yes.

Mr. KERR. On what question did the Senator request the yeas and nays?

Mr. O'MAHONEY. On the question of rejecting the entire committee amendment.

Mr. KERR. On the question of rejecting title V?

Mr. O'MAHONEY. Exactly.

Mr. KERR. That is the way I understood it.

Mr. O'MAHONEY. Yes; and the Chair has just ruled that title V is open to perfecting amendments.

Mr. GEORGE. Mr. President, I may say to the distinguished Senator from Wyoming that I do not want to sponsor a bill which he will perfect. I have not asked him to perfect it. His purpose is not to perfect; it is to scuttle.

Mr. O'MAHONEY. Oh, Mr. President—

Mr. GEORGE. Mr. President, I have the floor.

Mr. O'MAHONEY. Very well.

Mr. GEORGE. Mr. President, the motion of the Senator from Wyoming is of course entirely out of order. The motion was to strike out the whole title V. I suggested specific amendments. The Senator from Wyoming insisted on the motion to strike out all of title V. Under



the ruling of the Chair, that motion was presented, and it has been under debate. On that motion a yea-and-nay vote has been ordered. Now the distinguished Senator from Wyoming, who made the motion, himself wishes to submit a perfecting amendment. Perfecting what, Mr. President? Perfecting what has already been moved to be stricken out entirely.

Mr. President, I am quite sure the Chair cannot rule upon that except by merely saying that the motion of the Senator from Wyoming is now out of order.

It might be true that if I wished to submit a perfecting amendment or if some other Senator wished to submit a perfecting amendment before the final vote was taken, we might do so. However, I have no perfecting amendment to submit.

I have not said that the section referred to by the Senator from Wyoming is entirely useless. I have said that in my opinion it did no more than what is already done under general law in connection with the consolidation of the mechanical facilities of printing two newspapers in a given State. However, I wish to speak on this whole question.

I have suggested that if the Senator wished to incorporate in his motion a motion to disagree to what the Senate did on the excess-profits tax with respect to the average earnings base, I would be willing to have the vote taken upon both issues.

I have no desire to stay here all the year and discuss this matter, but there seems to be a desire upon the part of some Senators and there seems to be a wish upon the part of some Senators to prolong the debate and to stay here interminably.

Of course, Mr. President, I know the Senate will not strike all of title V from this bill, because the very first section of title V is the section which undertakes to give relief to all the small, newly formed corporations in the United States, many of which were organized by men who fought in World War II, and who returned to the United States and established businesses after the beginning of the base period fixed in the bill, and who now find that they will be crucified by the excess-profits tax unless they can obtain some relief. They sent representatives to Washington to testify. Personally, I was not able to stay during the entire hearings on the bill; but my colleagues on the committee, the other members of the committee, were kind enough to hear those young men.

There are contained in title V at least three provisions which will be helpful to them. Those provisions will not excuse them entirely, but will be helpful to them. Now, the Senator from Wyoming wishes to strike all of those provisions from this bill.

I know the Senate will not do so. That is the first provision the Senator from Wyoming wishes to have stricken out, without any fair consideration of what we were undertaking to do. I know very well the Senate will not vote to strike it out.

Upon what ground does the Senator from Wyoming propose that it be

stricken out? He proposes that it be stricken out on the ground that all corporations might save a little money if these provisions were included. Mr. President, when we undertook to consider an excess-profits-tax bill, and when we passed it, we said positively that we would be obliged to remit, to a subsequent date, certain relief provisions, such as that coming under section 722 of the World War II Act. What did we do? We said, "We will levy the tax from July 1, 1950; we will apply it from July 1, 1950," although we did not pass it until the very end of December 1950. We also said, "But we will expect to give suitable relief to just cases when facts which justify relief in connection with them are presented to us." Now the distinguished Senator from Wyoming is saying that the Treasury has not reported, the Treasury has not submitted its recommendations.

Mr. President, there will be many casualties across the Nation, from the Atlantic to the Pacific, if we do not give the relief now. I myself am unwilling to see these casualties occur, when we know the facts, when we have learned them, although the taxpayers have made no returns to the Treasury, and although the Treasury has not had time to submit a report.

Mr. President, all the provisions of title V were carefully considered by the full committee. Regarding some of them there may have been a dissenting vote or two, but generally speaking the committee agreed upon the relief provisions. These we could agree to without awaiting the day when the carcass of American enterprise would be whitening and bleaching on the plains of insolvency, before the Treasury could make up its mind to make a report. The Treasury does not make the policies of the Government, even when it comes to taxes, though we are glad to have its recommendations.

Mr. President, that leads me to a discussion of the analysis which was offered by the distinguished Senator from Wyoming in his original address to the Senate. I hope I shall not be too severe; I probably shall be severe enough. In his analysis the Senator quoted an official of the Treasury Department, not a policy-making official, but one whose views were presented, as the RECORD will show, as the policy of this Department of Government. I say this with some reluctance, because I have no disposition to be unduly critical of the gentleman who furnished information, after he was perhaps advised to give information, but I mention the matter because of the facts disclosed by this gentleman's statement. I refer to the statement made by a gentleman whom the distinguished Senator from Wyoming mentioned with respect to the excess-profits-tax amendments contained in the committee bill. The Senator appeared to rest his case on the letter from Mr. Thomas J. Lynch, general counsel of the Treasury Department, which he inserted in the RECORD, along with certain additional material which was attached to Mr. Lynch's letter.

The material attached to Mr. Lynch's letter contains what purports to be a de-

scription of 8 of the 21 excess-profits-tax amendments reported by your committee. Only 8 of them are condemned under the critical eye of Mr. Lynch, yet the distinguished Senator from Wyoming, who, along with some of his other very able colleagues, has given long study to these proposals, is proposing to strike out all 21 of the amendments, although Mr. Lynch himself was critical of only 8. There was no explanation as to why only 8 of the amendments were selected to be described by Mr. Lynch and to be by him condemned. The descriptions appear to be clearly slanted in an effort to cast doubt upon the merits of the provisions. While the descriptions avoid giving the reasons why your committee recommended the amendments, they do not entirely avoid comments on the amendments where comments can be made in such a manner as to cast an unfavorable light on your committee's actions. I do not stop to commend that as a praiseworthy attitude upon the part of a public official of this Government; I let it speak for itself.

First, Mr. President, let us take up the provisions relating to radio and television broadcasting. The Senate has heard about that this morning. It is an indisputable fact that the companies which pioneered in television broadcasting during the years 1946 through 1949 suffered heavy losses in these television broadcasting activities. The fact that these losses would be suffered was clearly envisioned by these companies, but they had courage and foresight to see that television broadcasting would eventually become a profitable business. Now that television broadcasting has become profitable, however, these companies find that they not only have no normal earnings credit to apply against their television income for excess-profits-tax purposes, but even their normal base period income from radio broadcasting and the other businesses in which they engaged during the base period has been reduced below the normal level by the base period television broadcasting losses. That is the simple story.

This problem confronted your committee with an obvious and compelling need for amendment of the excess-profits tax. The description attached to Mr. Lynch's letter does not even recognize the existence of this problem. Instead it confines itself to describing the method which your committee worked out in giving television broadcasters an equitable base period earnings credit. And the description of your committee's amendment dealing with this problem is inaccurate. The description states that where companies engaged in radio and television broadcasting also derive part of their income from some other business, the corporation is permitted to substitute a rate of return on its broadcasting assets equivalent to that realized in the other business during the base period. In fact, your committee's amendment does not permit any corporation to base its television broadcasting credit on a rate of return determined by any business other than the radio and television business. Under your committee's amendment, a com-

pany engaged in some other business would determine its earnings credit for that portion of the business under the general average method and, keeping the other business completely separate, would determine a rate of return only on its radio broadcasting business, applying this ratio rate of return to its radio and television assets. I submit, Mr. President, that this is a fair rule.

The description in Mr. Lynch's letter of section 516 of your committee's bill does not give any indication of the reason for that section, except to the extent that the reason can be inferred from the title of the section, which is, "Transition From War Production and Increase in Peacetime Capacity." In fact, your committee was confronted with the problem of companies which completely disrupted their pattern of peacetime production in order to devote their resources entirely to war-time products during World War II. After the war was over, the problem of reconvertng to civilian products and rebuilding markets in the civilian economy, combined with the fact of a tremendous increase in productive capacity which was not reflected in the income of the early base-period years, made the 4-year period of 1946 through 1949 an unfair basis upon which to compute a normal earnings credit. Consequently, the committee worked out a series of extremely restrictive eligibility requirements under which such a company could qualify for one of the benefits of the growth alternative in computing its normal earnings credit.

The material attached by Mr. Lynch's letter contains a description of the amendment under which a company is permitted to substitute its industry rate of return for that of a year where earnings were less than 35 percent of the average of its two best base-period years. Although this description is liberally interspersed with comments on the pending amendment, there is no explanation of the reason why the committee took its action.

I think it is important to point out that, under the present excess-profits tax, a corporation may substitute a figure based in its industry rate of return for its third best year, if it can convince the Bureau of Internal Revenue that the earnings for that year were depressed because of abnormalities. This substitution is permitted even though the actual earnings in that year may have been much greater than 35 percent of the average of the two best base-period years, and, unlike the committee's amendment, the figure based on the industry rate of return may be substituted under the present law even though it is larger than the actual earnings in the other years. In other words, the provision in the committee's bill is more restrictive than the provisions in the present excess-profits-tax law. The committee amendment is based on the very logical assumption that where earnings are less than 35 percent of normal the taxpayer has obviously suffered an abnormality and should not be required to convince the Bureau of Internal Revenue that this is so.

The material attached to Mr. Lynch's letter also describes section 503 of the committee's bill which permits a fiscal year taxpayer to elect to compute his average earnings credit on the basis of his earnings during 48 months ending with March 31, 1950. This is a reasonable provision in view of the fact that fiscal year taxpayers whose fiscal years end on March 31, 1950, are already entitled, under the present excess-profits-tax law, to use this same 48-month period.

With respect to section 508 of the committee's bill, the material attached to Mr. Lynch's letter merely states that it permits tax-exempt bonds held by dealers to be included in invested capital for the purpose of computing the excess-profits credit. The description does not state that municipal-bond dealers who elect to take this treatment are required to include the interest from these tax-exempt bonds in computing their excess-profits net income. Nor does the description point out that most of the income of these dealers with respect to their tax-exempt bonds is derived from the sale of the bonds, and that this income from the sale of the bonds is already subject to excess-profits tax. In other words, the committee's amendment is designed to correct the situation in which municipal bond dealers were required to pay excess-profits tax on their profits from sale of their ordinary inventories while they were not permitted to treat the amount invested in these inventories as a part of their invested capital.

The material in Mr. Lynch's letter also contains a very brief description of section 517 of your committee's bill which was designed to establish a normal earnings record for a year in which the taxpayer suffered a catastrophe from a fire, storm, explosion, or other similar casualty. The provision merely permits such a taxpayer to assume that his earnings during the year of the catastrophe would have been the same as his earnings in his earlier base-period years if the catastrophe had not occurred. This amendment permits only a very moderate adjustment to take care of these extreme cases. The committee deliberately decided not to permit relief in these cases through a reconstruction based on speculation as to the level which earnings might have attained if the catastrophe had not occurred. In this connection, I should like to answer the allegation of the Senator from Minnesota [Mr. HUMPHREY] that this provision was proposed to provide relief for the Monsanto Chemical Co. A representative of this company did appear in the hearings, but he asked for relief in the form of a reconstruction of what the earnings on a corporation would have been if the catastrophe had not occurred. As I stated before, the committee decided that relief of this sort would be undesirable, and the automatic relief provision which the committee adopted will not even cover the case of the Monsanto Chemical Co., because that company's earnings during the year of the catastrophe were greater than its earnings during its previous base-period year.

The material in Mr. Lynch's letter contains a cryptic reference to section 511 of the committee's bill, stating that it makes available a relief provision of the present law to certain companies whose changes in products did not take place prior to the end of the base period, as required under present law. In fact, what section 511 of the bill does is to provide that where a company had definitely contracted during the base period to produce a new product and had actually commenced construction of a plant for the production of the new product before June 30, 1950, such a taxpayer would be entitled to treat the new product as having been commenced during the base period. That is all the committee amendment does. Your committee's amendment does not relax the requirement in the present law that the new product must be produced in sufficient quantities within 3 years after the close of the base period to account for 40 percent of the taxpayer's gross income or 33 percent of the taxpayer's net income.

The material attached to Mr. Lynch's letter devotes one paragraph to a description of the extremely complex provisions of section 520 of your committee's bill, which permits a purchasing corporation to use the base period earnings experience of a selling corporation or partnership where substantially all the assets of a business operated by the seller are acquired by the purchaser. Mr. Lynch's description fails to note that this provision is limited to purchases which occurred before December 1, 1950—it is difficult to see how an official's vision would be so restricted that he could not see the pertinent facts of the amendment—and that it is limited to cases where a selling corporation or partnership was completely liquidated so that there is no possibility of a duplication of earnings credits based on the earnings experience of the seller. Mr. Lynch's description is devoted largely to one provision in section 520 which permits the purchasing company to use the earnings experience of the selling company where it purchased all the assets of the selling company and holds a franchise which is substantially identical to the franchise which was held by the selling company. From the attention devoted by Mr. Lynch to this relatively minor provision of section 520, I would infer that he feels there is something wrong with it. Your committee considered this provision very carefully and we reached the obvious conclusion that where a purchasing company is using the same assets which were used by the selling company and is operating under an identical franchise, the normal earnings of the new purchasing company can be determined by reference to the earnings of the seller who was using the same assets and the same franchise.

I do not know whether or not it is possible to infer, from the fact that Mr. Lynch has written a rather unflattering description of eight of your committee's 21 excess-profits tax amendments, that he is in favor of the remaining 13. In any event, I do not believe it wise to make tax policy depend upon Mr. Lynch's judgment or any one else connected with the Treasury Department.



In conclusion I would again like to emphasize that if this host of amendments which have been presented on this tax bill were to be accepted, it would represent a vote of no confidence in your Finance Committee which has considered practically all of these various proposals at length during its extended public hearings and executive sessions. Mr. President, there has never been a successful tax bill written on the floor of the Senate, and I do not anticipate that there ever will. Tax questions are far too intricate for such casual consideration.

Mr. President, just a word regarding what the distinguished Senator from Wyoming had to say—and I have great admiration for him, although I do not think he has not studied the question of inflation as thoroughly as he should have studied it. Certainly I think I would agree with the distinguished Senator from Wyoming about the danger of inflation; but I wholly disagree with him about his remedy for inflation. His remedy is more and more taxes out of the pockets of the American people. That is not the remedy, Mr. President, at all.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PASTORE in the chair). Does the Senator from Georgia yield to the Senator from Wyoming?

Mr. GEORGE. I yield.

Mr. O'MAHONEY. I am sure the Senator from Georgia must have heard me say that that is only a part of the remedy.

Mr. GEORGE. Yes.

Mr. O'MAHONEY. I am not of the belief that taxes alone can solve the problem of inflation.

Mr. GEORGE. I got that impression, although I do think the Senator made the statement which he said he made; and I do not question it if he says he made it. But, Mr. President, the whole emphasis by this administration has been upon more and more taxes out of the pockets of the taxpayers. I do not hesitate to say it; and I regret it very much. But I am obliged to say it to the American people, although I believe they know it.

Moreover, the American people know very well that it does not make any difference how high taxes are raised if more is going to be spent than is raised by taxes. There will still be a deficit, with whatever evil effects come therefrom.

I have been among those—I hope not an extremist—but among those who have sought to reduce Federal spending. I assert now, and I believe the American people know it to be true, that we never will solve the problem of inflation by taxation alone. Indeed, Mr. President, the one certain thing that must be done is to reduce Federal spending. That is the indisputable prerequisite for any solution of this problem.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. GEORGE. Will the Senator pardon me until I finish this point?

Mr. MALONE. Yes.

Mr. GEORGE. But, Mr. President, I must now do something I would rather not do. Your committee has faced reality in its fight to get some revenue, and not merely to propose theories.

The President on the very morning when this tax bill was taken up, sent to the Senate a most significant letter. I call attention to a part of it:

Although the Congress has not yet completed action on all appropriation bills, it is already apparent that the costs associated with the defense program—

Please note the words—

associated with the defense program will exceed our expectations at the time the budget was prepared for the fiscal year ending June 30, 1952.

That statement is factually true. There is no doubt about the truthfulness of the statement.

Further, the President said:

Only last week—

Now week before last—

the Senate raised total appropriations for the military functions of the Defense Department by nearly \$2,000,000,000 over the budget requests.

Who had charge of that bill on the floor of the Senate? The distinguished Senator from Wyoming [Mr. O'MAHONEY] had charge of that bill on this floor.

I repeat the President's statement:

Only last week, the Senate raised total appropriations for the military functions of the Defense Department by nearly \$2,000,000,000 over the budget requests. Since the beginning of this fiscal year, the Government's receipts have not kept pace with expenditures. Without new revenue legislation, the deficit for the year will be in the neighborhood of \$10,000,000,000.

That is the President's statement; and on the basis of appropriations the statement is correct. But what I am now going to say I am saying to the American people, and I stand back of my declaration. If there had been the faintest bugle call from the other end of Pennsylvania Avenue for a reduction in that expenditure the Congress would have responded. Was there a bugle blast from the President warning us that we were going beyond his own budget recommendations? Not one single sound. On the contrary, the other end of Pennsylvania Avenue was as silent as death, and the distinguished Senator who was in charge of that bill on this floor now tells us about the frightful consequences of inflation, of spending more than we are raising, and asks us to take the money out of the pockets of the taxpayer.

Mr. President, not only does he ask us to take the money out of the taxpayer, but a distinguished Senator who interrupted him to cast his weight into this battle said, as I understood him—and I would not want to misunderstand him—"We must raise more money out of the taxpayers to stop inflation."

Go back home and ask the poor man who is earning two, three, or four thousand dollars a year under present prevailing high prices how much he is adding to inflation. How much do we want

to take out of his pocket to stop inflation? He is not adding to inflation. Go and ask the teachers, the policemen; go and ask the merchants in the small towns; ask anyone who is working for a very moderate salary, "How much have you got that you are using to push up the inflationary spiral?" and see what sort of answer is made. Such a worker will say frankly that he does not need any Government nor any agency of Government to tell him that he must be taxed more in order to keep him from destroying himself through inflation.

Mr. President, I was amazed when I read, in the report entitled "National Defense and the Economic Outlook," issued in August 1951, just a few days ago, about the remedy for this dreadful inflation, which can be cured only by taxes taken from the pockets of American taxpayers. I read from the report on page 2:

The pending House-passed tax bill—

They have demolished the House bill. Now they are after this one, and they want to write one of their own.

The pending House-passed tax bill, raising about \$7,000,000,000 in a full year and collecting about \$5,000,000,000 in 1952, would fall short of producing the revenue required to close the inflationary gap and to balance the administrative budget. The additional revenue for maximum anti-inflationary effect should be derived largely from groups in the \$3,000 to \$10,000 income brackets.

There is the remedy of the administration, I assume. It is certainly the remedy proposed by the proponents of this particular proposal and various others which are coupled with it.

How are we going to stop inflation? Are we going to stop inflation by taking more money from the little fellow who earns between \$3,000 and \$10,000? Face him, if you please—north, east, south, or west—and he will say very frankly, "You have not enough sense to run my business." He knows that he cannot pay more taxes. What little he has is not causing inflation. What is causing inflation is the disposition of the administration to spend more than the American people ought to be called upon to bear as taxes. Unless we face that issue, we shall never come out of this thing. Since the Korean war, since the first shot fired across the thirty-eighth parallel faded away, the committee has recommended and the Congress has voted—before this tax bill—measures which took more than \$10,000,000,000 out of the pockets of the American taxpayers, much of it from the little fellow with a \$3,000 income. Including those in this bill, the taxes proposed by the committee and voted by Congress since the first shot was fired in Korea will run easily to \$16,000,000,000 or \$17,000,000,000. Yet that does not satisfy them. They want more. The cry is "More. More. More." Why? Do I need to answer?

I should like to read a letter from a gentleman who has the respect and confidence, I believe, of most Members of this body. I am referring to Bernard M. Baruch, who has certainly reached that advanced age in life where he has no disposition to mislead his fellow countrymen. Omitting the salutation:

As you say, the increased taxation since Korea would bring in about \$17,000,000,000.

If you add to that \$6,000,000,000, which Senator BRAD thinks it is possible to cut down on nondefense items, you will have \$23,000,000,000. This is an important step in the fight against inflation. But just as important—and it ought to be simultaneous—we can also halt inflation by controlling prices of everything, including wages.

That is not my language, Mr. President.

We can also halt inflation by controlling prices of everything—

Not only on the milk of the coconut—I include wages.

I continue to read from the letter:

If you estimate the increased cost of government since Korea at 25 percent, on a budget of about \$55,000,000,000, inflation has cost us \$11,000,000,000. At 33½ percent, the increased cost amounts to \$14,000,000,000. I think that the increased cost of the things and services to the Government averages close to 33½ percent.

This vast sum could have been saved by putting into effect what the experience of two wars taught us to be necessary; when Government steps in and takes men, money, and materials out of the economy in such large amounts as it has been doing, it must protect both itself and the public by imposing controls, both direct and so-called indirect. If this had been done at the time of the Korean incident, there would have been a saving to the Government of between \$11,000,000,000 and \$14,000,000,000. The Government has, however, done nothing except to thunder in the index. The price ceiling and other controls which should have been put into immediate effect would have held the line until your committee had put forward its tax program and the Federal Reserve Board program of credit controls, and the priority regulations commenced to be effective.

Every increase in taxes—

Please note—

Every increase in taxes, labor, and costs will be followed immediately by an increase in price, because the producer will not bear the burden alone and indeed he will add a little extra to be certain.

What I wish to emphasize is how unfortunate it was that the other controls of inflation, besides taxation, were not put into effect and indeed none of them has been put in yet. The law of supply and demand which ordinarily governs prices requires time in which to operate. In the present circumstances there is no time, and controls are imperative if we are to avoid threatened chaos.

Not more taxes out of the pockets of the little \$3,000-a-year man, as the distinguished Committee on Economic Control recommends. Perhaps I should not add the last paragraph, but I have his express consent to do so, and I therefore use it. I know how he feels about it, and I know how we all feel about it.

I am awaiting with some anxiety the results of the Government's efforts to induce the people to put their savings into bonds when at the same time it is lessening the purchasing power of those savings.

Mr. President, what are we asked to do? Including the taxes provided by this bill, we will have taken since Korea at least \$17,000,000,000 out of the pockets of the American taxpayer. Yet the cry is for more and more and more taxes.

As for myself, I am willing to do whatever should be done for my country, but I am bound to say now, and I stand back of it, that this administration has had but a mild will, at best, to control prices and wages. Control of both is absolutely indispensable if we are to avoid inflation, when the Government is proposing to take so many men, so much money, and so much material out of our economy. There is no other answer; there cannot be any other answer.

Mr. President, I confess to some discouragement and to some frustration when the President of the United States sends a letter to the Senate in which he says that the Defense Department was only last week given \$2,000,000,000 more than his budget request, when a single blast upon his horn would have stopped it.

Did you hear it, Mr. President? Did the American people hear it? All we hear is that the little people are pushing up prices and that they are bringing about inflation. The cry is for more taxes, more taxes, more taxes.

Here the immediate proposal is, not that the relief provisions—some 20 of them—are inherently unfair or unjust or improper, but that the corporations can afford to pay that much more, rather than to see the Treasury suffer a loss of approximately \$100,000,000 or \$120,000,000 next year. In other words, we are not to do justice, after we, under pressure, passed an excess-profits tax bill going back to July 1, 1950. Now it is proposed that we give justice back to 1950 only in a few of the cases which we did not have time to canvass and did not have time to consider.

Mr. President, if any one of these proposals is essentially unjust, unfair, or inequitable, the committee would be glad to correct it. However, that is not the case. The plea is that, "You are about to lose \$120,000,000, although you made the excess-profits tax"—which was not actually the law until January 3, 1951—"retroactive to July 1, 1950; you are about to do this horrible thing."

Mr. President, even if it be assumed that this tax bill will raise no more than \$5,500,000,000, I wish to close with this statement: The total "take" from the American people would exceed the highest amount collected during World War II by more than \$21,500,000,000. Yet the cry is for more and more taxes, as if that were the only answer to inflation. Mr. President, that is not the answer to inflation, in the face of a Congress which has raised and, with this bill, proposes to raise some \$17,000,000,000 or perhaps \$18,000,000,000, depending upon the level of production since the war in Korea started.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had insisted upon its amendments to the bill (S. 355) to adjust the salaries of postmasters, supervisors, and employees in the field service of the Post Office Department, disagreed to by the Senate; agreed to the conference asked by the

Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. MORRISON, Mr. DAVIS of Georgia, Mr. HAGEN, and Mr. REES of Kansas were appointed managers on the part of the House at the conference.

The message also announced that the House had insisted upon its amendment to the bill (S. 622) to increase the basic rates of compensation of certain officers and employees of the Federal Government, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. DAVIS of Georgia, Mr. WHITAKER, Mr. REES of Kansas and Mrs. ST. GEORGE were appointed managers on the part of the House at the conference.

The message further announced that the House had insisted upon its amendment to the bill (S. 1046) to readjust postal rates, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. RHODES, Mr. BURNSIDE, Mr. REES of Kansas, and Mr. CORBETT were appointed managers on the part of the House at the conference.

#### REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. O'MAHONEY. Mr. President, the issue before the Senate now is the committee amendment and the several amendments which constitute title V of the bill. They deal with excess-profits tax relief.

Nothing that I have said has any bearing upon the very eloquent, forceful, and quite sincere argument made by the Senator from Georgia.

We are living in a day of heavy taxation. I hold in my hand the report of the Finance Committee, on page 3 of which is the statement of the committee with respect to changes in individual income taxes. I read the following from the report:

Your committee's bill, in a new rate schedule, provides the lower of the following two increases: An 11-percent increase in present tax rates, or an 8-percent additional tax based on the surtax net income remaining after the deduction of present taxes.

That is the first sentence of the report on page 3, under the heading "III. Changes in the individual income tax." It is a plain and direct statement that the Finance Committee has reported to the Senate an increase in individual income-tax rates. The committee would not have done that if it had not been convinced that the increased revenue was necessary.

So the splendid argument made by the Senator from Georgia in regard to the general provisions of the bill clearly is without point, so far as the excess-profits tax changes included in the bill are concerned.

In order that there may be no doubt about the parliamentary situation and issue, Mr. President, I wish to read from pages 11603-11604 of the CONGRESSIONAL RECORD of September 19, 1951, at which



time the Senator from Georgia [Mr. GEORGE], chairman of the Finance Committee, was speaking:

Mr. GEORGE. Mr. President, the committee bill provides that where land is sold together with the unharvested crop or fruit upon such land, the gain resulting from such sale shall be treated as a capital gain.

Then he proceeded with a few other remarks; and then he said:

The other provisions of the bill are fully explained and set forth in the report.

Then follows this statement:

Mr. President, I should like to submit a unanimous-consent request, as follows:

"Ordered, by unanimous consent, that the committee amendments to the pending bill H. R. 4473, the Revenue Act of 1951, be agreed to en bloc: *Provided, however*, That such action with respect to any specific amendment shall, upon the request of a Senator, be deemed to be rescinded, and the consideration of such amendment shall then be proceeded with in accordance with the rules of the Senate."

That is the unanimous-consent order under which we are operating. It means that at the request of the Senator from Georgia, the action of this body in approving all the committee amendments may be rescinded at the request of a single Senator.

Mr. President, I requested action, under that unanimous-consent agreement, with respect to title V of the bill.

So the parliamentary situation in which we now find ourselves is that the action of the Senate in approving title V has been rescinded; and that title, with all its various amendments, is now before the Senate for consideration.

Mr. MILLIKIN. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. MILLIKIN. Can the issue, in terms of votes, be stated in this way: Those who favor the committee amendment should vote "yea," those who oppose the committee amendment or favor the O'Mahoney amendment should vote "nay"?

Mr. O'MAHONEY. Again I say there is no O'Mahoney amendment. I have offered no motion. By the action of the Senate, under the unanimous-consent agreement, the committee amendments in title V are now before the Senate, because the action agreeing to them was rescinded by unanimous consent.

Mr. MILLIKIN. Mr. President, may we now have an interpretation of the parliamentary situation?

The PRESIDING OFFICER. A vote in the affirmative is a vote for the insertion of title V of the committee amendment; a vote in the negative is a vote to approve the position taken by the Senator from Wyoming, to strike it from the bill.

Mr. MILLIKIN. To strike what?

The PRESIDING OFFICER. To strike title V from the bill.

Mr. MILLIKIN. Those who favor title V, should vote "yea."

The PRESIDING OFFICER. That is correct.

Mr. MILLIKIN. Those who are opposed to title V and favor the O'Mahoney version, should vote "nay."

The PRESIDING OFFICER. In that case Senators will vote in the negative.

Mr. CASE. Mr. President, is it not also true that an order has been entered for a yea-and-nay vote, and that that yea-and-nay vote was ordered on all of title V?

The PRESIDING OFFICER. That is correct.

Mr. O'MAHONEY. Mr. President, has it not been the ruling of the Chair that since title V is before the Senate on the initiative of the Committee on Finance, any Member of the Senate is entitled to propose an amendment with respect to it?

The PRESIDING OFFICER (Mr. MOODY in the chair). The Senator is correct. A proposal to amend any part of it would be in order.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. O'MAHONEY. Is there any motion or other business before the Senate, except the committee amendment?

The PRESIDING OFFICER. There is not.

Mr. O'MAHONEY. Then, Mr. President, that being the case, I shall undertake to move that title V—

Mr. GEORGE. Mr. President, did I correctly understand the Chair to say there was no motion before the Senate?

The PRESIDING OFFICER. Other than the question of agreeing to the committee amendment, there is not.

Mr. GEORGE. There is a proposal to strike title V of the bill, is there not?

Mr. O'MAHONEY. Mr. President, the Senator is mistaken. It was stated by the Presiding Officer at the very outset that the question is on agreeing to the committee amendment. That is the issue.

The PRESIDING OFFICER. That is correct.

Mr. GEORGE. It could be stated affirmatively, but I thought a motion was made to strike it out.

Mr. O'MAHONEY. I am proceeding, I may say to the Senator, under the rule or agreement which he wrote.

Mr. GEORGE. Mr. President, there is no trouble about the rule, none in the world, and the present occupant of the chair a few moments ago correctly stated it, when he stated the issue. I am willing to be bound by that.

Mr. O'MAHONEY. Very well. Then the action of the Senate in approving the committee amendments has been rescinded.

Mr. GEORGE. Oh—

Mr. O'MAHONEY. And the action of the Senate the other day having been rescinded, all of title V is before the Senate de novo. Therefore, Mr. President, I move to strike out section 508 of the committee amendment, on page 306, that being the section dealing with election with respect to certain inadmissible assets.

Mr. GEORGE. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. GEORGE. The point of order is that a motion was made to strike the whole of title V. A yea-and-nay vote has been ordered upon that. No further amendment is now permissible.

The PRESIDING OFFICER. The order for the yeas and nays does not shut off the right to amend, under the precedents of the Senate, the Chair is advised by the Parliamentarian.

Mr. GEORGE. Very well, then, if it is the wish of the administration leadership to prolong this bill indefinitely, it may do so.

Mr. O'MAHONEY. Mr. President, I move to strike section 508, dealing with election with respect to certain inadmissible assets, which appears on page 306. This is the section which permits dealers in municipal bonds to include in their inventory all invested capital, by which the invested capital base is made up, and tax-exempt bonds, upon which they pay no taxes, because the bonds are exempt from taxation; and this section permits them to include those tax-exempt bonds in their computation of the invested capital base, so that they may reduce their excess-profits tax liability.

This amendment has the result, Mr. President, of enabling the bond dealer with tax-exempt securities to gain a tax reduction advantage of from three to four times the value of his tax-exempt income, and I think the amendment should be stricken from the bill. That, Mr. President, is my motion.

Mr. GEORGE. Mr. President, I understand the Senator's motion, but I simply want to have the plain facts stated. That is not the effect of the amendment. The amendment is to permit the bond dealer who sells bonds to add them to his base, provided he puts the interest on the bonds in his taxable income. The Senator has stated only a part of it, and I am willing to have a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

Mr. KEM. Mr. President, may we have a yea-and-nay vote on this motion?

Mr. O'MAHONEY. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KEM. Mr. President, I understood I had been recognized.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. TAFT. I only wanted to ask the Senator a question. As I understand, the amendment recommended by the committee simply provides a special formula for dealers in municipal bonds.

Mr. GEORGE. That is all.

Mr. TAFT. Because their business is dealing in municipal bonds they have always been entitled in making their income-tax returns to include in their base the profit they made on municipal bonds, both in the base period and in the current year. The amendment simply provides that they may also include in their base and in their whole calculation

of profits, both for the base and for the current taxes, not only the profit they may make on municipal bonds, but also the interest they may receive during the time the municipal bonds happen to be in their inventory, where they are not treated as an investment, but as a part of their business assets, which are the whole basis for their operations. To be exact it is the value of the bonds which are included in the capital of the base period.

The theory of the inadmissible-assets section is that people have certain income which is not taxable and which is used merely for the purpose of investment in their particular field. But we are considering now dealers in a different category, because their whole business is dealing in municipal bonds, with a constant turn-over. Some interest is received as they hold those bonds, during the time they hold them, and it is a part of their business income. Under the amendment it would be considered a part of their income in the base period, and it would be considered a part of their income in the current period. That, as I understand, is the reason for the amendment.

Mr. GEORGE. The Senator is entirely correct. Let me read four or five lines from the report.

Mr. KERR. What page?

Mr. GEORGE. Page 81. I read:

Your committee's bill provides, in effect, that where tax-exempt bonds are held by a dealer primarily for sale—

They do not represent his investments—

primarily for sale to customers in the ordinary course of his trade or business, the dealer may elect to treat such bonds—

He may elect to treat them—

as admissible assets, provided—

This is what the Senator from Wyoming did not state—

provided that he also elects to include in his excess profits tax net income the interest on such bonds.

Mr. KEM. Mr. President, the pending measure provides that an additional \$5,500,000,000 be taken each year from the people in taxes—an additional fifty-five hundred million dollars. If enacted, this would be the third increase in taxes during the past year, a total increase of \$15,500,000,000.

As is pointed out in the committee report, never before has so much additional revenue been raised in so short a period of time. For many taxpayers the rates imposed under the pending bill are higher than the highest rates imposed during World War II.

In the face of these staggering increases in taxes, spending is racing far ahead. Federal bureaucrats have found new and easy ways to spend the people's money. They are spending it faster—much faster—than the dollars have rolled into the Treasury. The Government is suffering from billionitis, or perhaps, as the Senator from Indiana [Mr. JENNER] has diagnosed the case, it is elephantiasis. Under Mr. Truman's administration, the Federal Government has been on the wildest spending spree

in history—in this or any other country. The President's budget for this year calls for more than the United States Government spent in the first 131 years of its existence. To be alarmed over this situation is not to be partisan. The comment of the Senator from Virginia [Mr. EYRL], Democrat, on President Truman's budget message was: "This message represents the very height of fiscal irresponsibility." Mr. Truman talks economy in a big way. But that is as far as he goes. The facts speak for themselves.

Federal expenditures during the fiscal year ending June 30, 1952, have been estimated at \$75,000,000,000. I think this is a conservative estimate. Even if the pending bill becomes law, tax collections this year will amount to only \$64,700,000,000. This indicates a deficit of more than \$10,000,000,000 during the current fiscal year.

In his letter to the Senate of September 20, 1951, President Truman said:

Since the beginning of this fiscal year, the Government's receipts have not kept pace with expenditures. . . . The Government's revenues should be increased by an amount that approaches as nearly as possible the \$10,000,000,000 I recommended.

While the President has had much to say about substantial increases in "every-one's tax load" and the necessity of the people tightening their belts, he has vigorously defended his inflated budget. He has stoutly adhered to the tax-and-tax, spend-and-spend, elect-and-elect philosophy. He evidently feels, as did the late Harry Hopkins, that "the public is too damn dumb to understand."

In a speech at the cornerstone laying of the Government's new General Accounting Office Building on September 11, 1951, Mr. Truman declared:

I am proud of the budgets that have been prepared since I've been President. I want to say to you I know every figure in every one of them.

I pause to congratulate the President. Then Mr. Truman said:

I am proud of the way the financial affairs of the Government are handled. . . . Our budget is as tight and solid as we can make it.

Finally, the President said:

If we want to keep the country on a sound financial basis and hold down inflation, we must pay this money as we go.

CONGRESS IS CAUGHT IN A VICIOUS CIRCLE

If we shall continue to give Government bureaucrats more money so that they can spend more extravagantly, the spiral will go up and up. By considering at this time a bill to raise more taxes, we are going at the problem backward. We are putting the cart before the horse.

I believe in the pay-as-we-go principle. Since I have been a Member of Congress I have never voted against a general tax bill. I cannot justify financing today's expenditures by putting them on the backs of our children and our grandchildren. Those who come after us are entitled to more consideration than that.

But there Mr. Truman and I part company. He wants to make up the deficit by new taxes. I believe we should first eliminate unnecessary spending, and

then consider what is needed in the way of new taxes.

Our order of business should be to economize first and tax afterward. Until that is done I shall oppose adding a single dollar to the tax burden of our people.

The tax bill now before the Senate is not pay-as-we-go legislation. It is pay-as-we-drop-further-behind legislation.

The President has had much to say about raising taxes to prevent inflation. In his letter of September 20, to the Senate, he said that adequate taxes are necessary to restrain inflationary pressures.

Control inflation by new taxes, is his theme. Yet his administration is continuing its uncontrolled spending, a fundamental cause of inflation.

The theory of the administration is that if we take dollars from the low-income group—from the little man—and reduce his purchasing power so he will not be able to enter the market as a buyer, we will cut down the purchasing power available for goods and thus hold down prices. We are told we must tax the money out of the pockets of the people so they cannot go into the market places and bid up the price of goods. This is a false, wicked theory, so long as the money is being turned over to Federal bureaucrats to go into the market places and bid up the price of goods.

It is pure nonsense to argue that new taxes will be anti-inflationary, if the Government continues its policy of reckless spending. The administration has shown no indication that it means to economize. The majority in the Congress—and I say it with regret—has done no better.

In its more practical aspect and to a considerable extent the problem is how Congress can outwit and outmaneuver the power-hungry bureaucrats, and the host of technical experts and political smoothies who infest many of the departments of Government. It is the duty and responsibility of the Congress to protect the earnings of the people from them. We of the Congress must constantly ask ourselves: Are we voting taxes for what the people need, or are we voting taxes for what the Government wants?

CONGRESS SHOULD REGAIN CONTROL OF THE PURSE STRINGS

The question is frequently raised: Why does not Congress do something more about cutting down the President's budget?

One reason for the failure of Congress to effect more substantial economies may be found in a study of Federal expenditures recently completed by the Committee on Federal Tax Policy. The committee found that out of the President's budget of \$71,600,000,000, only about \$24,000,000,000 is clearly and definitely under annual congressional review and control.

The fact that Congress has actual control over only one-third of the funds called for in the budget is a substantial road block in the way of economy, regardless of the desire of Members to economize.



Congress must regain control of the purse strings.

The pending pay-as-we-go-deeper-in-the-red tax bill will not bring in sufficient additional revenue by many millions of dollars to balance the budget, in spite of the heavy new drain on low-income groups. This tax bill will be just another cog in the administration's tax-and-tax, spend-and-spend, elect-and-elect machine.

We must have enough guns, planes, tanks, and atomic bombs. We must also have a sound economy. The Russians prefer to defeat us by forcing us to spend ourselves to our destruction. Easy money created by deficit financing and defense spending is giving many of our people a false feeling of prosperity. The plain fact is our home defense is sagging.

#### WHAT SHOULD CONGRESS DO?

We stand at a crossroads in history. If we act with determination, with courage, and with dispatch we may see our way out of the swamp of financial instability in which we are now bogging down. Here is my two-point program:

First, Congress should make a fresh start on appropriations. Congress must service notice that, as of October 15, authorization to spend for other than defense purposes is suspended, unless before that date the President's Bureau of the Budget has submitted a revised budget reducing spending by \$10,000,000,000. In the meantime, the tax bill and further appropriation measures, particularly all appropriations for foreign aid, should be held up.

Mr. President, this may seem to be drastic. But drastic situations call for drastic action. The national debt stands at \$256,000,000,000, and we are going deeper in the red every day.

Second. The second step is to cut down the Federal Government to size—to send back to the State capitals, to the county courthouses, and the city halls, and to private citizens generally, the power that belongs to them and is rightfully theirs. For years a process has been under way by which the Federal Government has arrogated to itself powers and responsibilities that the Constitution never intended that the Central Government should have.

The Hoover Commission addressed itself to this problem. It found that the Federal Government has been absorbing to the disadvantage of other branches of Government important sources of taxes and then doling out the money of the people to be spent only as the Federal Government designates. The political brokerage is, of course, taken out.

As functions are taken out of Washington, the responsibility of Congress to raise taxes will be lightened. Committees should be appointed to study this problem. These committees should get to work, and report as soon as possible. The Senate should then take upon itself the task of dismantling our vast Federal establishment. This will prove to be a quick way to reduce Federal expenditures and Federal taxes. It will also greatly add to the value and efficiency of the remaining Federal agen-

cies. It will put in them once again the fear of the law and the Constitution. When this is accomplished, I believe we will be well on the way to the solution of the grave problem which is posed by this tax bill. For this reason I shall vote against the passage of this tax bill.

Mr. O'MAHONEY. Mr. President, I wanted to make one additional comment about the motion which I have made to strike out section 508. Beginning on line 23, the section provides—

Mr. JOHNSON of Texas. Will the Senator give the page of the bill?

Mr. O'MAHONEY. Page 306, beginning at the top of the page. Rather, I will read beginning in line 7, the portion of the section which deals with treatment of Government obligations as admissible assets. I read as follows:

(c) Treatment of Government obligations as admissible assets: If the taxpayer elects for any taxable year, in accordance with regulations prescribed by the Secretary, to increase its excess profits net income by an amount equal to the amount by which the interest received or accrued during the taxable year on Government obligations exceeds the sum of—

(1) the amount of interest paid or accrued during such year which is not allowed as a deduction under section 23 (b), and

(2) the amount of the adjustments required for the taxable year under section 22 (c) (relating to adjustment for certain bond premiums), but not in excess of the amount of interest received or accrued during the taxable year on Government obligations to which such section is applicable, then for the taxable year for which the election is made the term "admissible assets" shall include Government obligations, and the term "inadmissible assets" shall not include Government obligations.

There is a clear, specific statement in the language of the bill that assets which are now inadmissible have become, by this amendment, admissible. My motion, Mr. President, is to strike that provision from the bill, and upon that motion I ask for the yeas and nays.

Mr. KERR. Mr. President, with reference to the motion—

Mr. O'MAHONEY. Mr. President, will the Senator yield for a moment?

Mr. KERR. I yield.

Mr. O'MAHONEY. Is not the Senator willing that we have the order entered for the yeas and nays?

Mr. KERR. Oh, certainly.

The PRESIDING OFFICER (Mr. MOODY in the chair). Is the request for the yeas and nays sufficiently seconded?

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. KERR. Mr. President, the motion to strike section 508 from the bill illustrates how easy it is to fall into error with reference to what the bill provides. My distinguished friend from Wyoming is most sincere in his belief that the section should be stricken, but in arriving at that conclusion he is completely in error. The provision does not do what the Senator indicated he feared it would do as a basis for his motion to strike it from the bill.

Municipal bonds are required to be excluded from the taxpayer's invested capital. Therefore, he is in practice denied an invested capital credit with

which to offset his normal earnings from the sale of such bonds. This inequity did not arise under the World War II excess-profits tax because, under that law, taxpayers were permitted, at their option, to treat tax-exempt or partially-tax-exempt bonds as admissible assets if they elected to include the interest received from such bonds in excess-profits-tax net income. The committee believes that while a similar option should not be extended to all taxpayers under present law because the invested capital credit rates, ranging from 8 to 12 percent, are disproportionate to the low interest rates on tax-exempt bonds, such treatment should be extended to municipal bond dealers, since most of their income with respect to such bonds arises from profit on their sale, and such income is subject to excess-profits tax. As a result, this section provides, in effect, that where tax-exempt bonds are held by a dealer primarily for sale to customers in the ordinary course of business or trade, the dealer may elect to treat such bonds as admissible assets, provided he also elects to include in his excess-profits-tax net income the interest on such bonds.

The Senator stated that his objection to the provision was that the dealer would be permitted not only to receive the interest on the bonds as tax-free income but to include the cost of the bonds in his invested capital base. However, a close examination of the language shows that just the opposite is true. If he does elect to use the amount invested in bonds as a part of his invested capital base, he cannot then treat the income from such bonds as tax-free income, but must include it in his excess-profits-tax income, upon which his excess-profits tax is computed.

For that reason, I think the motion of the Senator from Wyoming should not be agreed to.

Mr. TAFT obtained the floor.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KERR. If I may yield for a question.

The PRESIDING OFFICER (Mr. FREAR in the chair). The Chair recognizes the Senator from Ohio. Does the Senator from Ohio yield?

Mr. TAFT. Mr. President, I should like to make a brief statement.

What is an excess-profits tax? It is an attempt to tax a man or business on income received today which was not received in the base period. If the income during the war period has increased, the excess-profits tax is levied on such increase.

Let us look at the business of a municipal bond dealer. He has a certain income. He makes some money out of the interest on the bonds which he happens to be holding. He makes money on the purchase and sale of such bonds. He may make money in business on other bonds. What is the fair way to say what his excess profit is? Obviously, the fair way is to ask, "How much money is he making today compared with what he made in the base period on his whole business?"

That is what this provision does, and that is all it does. It says that he shall

be taxed on the difference. Unless he consents, he cannot be taxed today on the income which he receives from the holding of municipal bonds, because of the Constitution of the United States. So we have to say that we must exclude that income, and that therefore, in the base period, we will exclude a similar item with respect to interest on bonds. That is a very awkward approach.

All this provision says is that if he is willing to waive his constitutional right to have his income from municipal bonds excluded today, then we will include in his previous income the income which he had from municipal bonds during the base period. That is all there is to it.

All this amendment does is to say that if he is willing to waive his constitutional rights he will receive the treatment we would have given him if there had been no constitutional provision; he will receive the treatment which is accorded to everybody else. He is taxed on that part of his total income today, as compared with the income he had in the base period.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. Does it not come to this: This amendment provides a mechanism whereby he will pay an excess-profits tax rather than not having to pay it under the present situation?

Mr. TAFT. Yes.

Mr. MILLIKIN. So this is not a device to decrease the excess-profits tax.

Mr. TAFT. I do not think so.

Mr. MILLIKIN. At the present time, in connection with municipal bonds, which the Senator has cited, a dealer makes a profit on the sale. So far as income is concerned, we cannot tax him from the income standpoint. But if he puts those assets into his capital base, if he is reporting them for that privilege, he must elect to pay an excess-profits tax.

Those who are opposing the committee amendment, I assume, are out to stop ways of decreasing the excess-profits tax. This is a method of increasing it, I suggest. Also, I think perhaps a determinative factor is that the revenue loss cannot be calculated. If it could be calculated, everyone admits that it would be entirely negligible.

Mr. TAFT. Any revenue loss would be negligible.

These dealers are getting just the treatment which all other businessmen get. If this provision goes into effect, they will be paying taxes on the total business income which they have today, insofar as it exceeds the total business income which they had during the base period.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming [Mr. O'MAHONEY] to strike out section 508.

Mr. CASE. I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota withhold his suggestion of the absence of a quorum,

so that the Senator from Minnesota may be recognized?

Mr. CASE. I do.

Mr. HUMPHREY. Mr. President, I know that it is desired to move along toward a vote, but a moment ago a statement was made which I think needs to be challenged, at least momentarily. It will be challenged much more extensively as we proceed.

I listened to the eloquent remarks of the distinguished chairman of the committee [Mr. GEORGE]. I regret that he is not in the Chamber at the moment. I trust that he will soon return.

The remarks of the chairman of the committee were more or less in two areas: First, the inflation which is upon us, from his point of view, is due to the alleged extravagant policies of the Federal Government and the failure to apply effective controls.

The second argument is that this tax bill raises substantial revenue, and that to talk about taxing the lower-income groups as a means of checking inflation is to deny the economic facts which affect the low-income groups.

I am impressed by that argument, but not in its relationship to this tax bill. In substance the chairman of the committee is saying that he does not want to be a party, nor does his committee want to be a party, to the excessive taxation or unusually heavy taxation of the lower-income groups.

He is also saying that the income group between \$3,000 and \$10,000 has taken just about as much as it can. No Senator has stated that more often than has the junior Senator from Minnesota. Perhaps he has not stated it as effectively or vociferously as have other Senators, but it has been stated again and again.

Let us take a look at the bill. Let us see whether or not the bill is directed toward the welfare of the low-income groups. Let us see whether or not the proponents of the bill have had the interest of the low-income groups at heart. Let us see whether or not the various sections of the bill, title by title, really protect the needs of the low-income group.

This Senator has repeatedly stated that the group under \$5,000 income represents the low-income group, the group constituting 80 percent of the taxpayers of the country. The group under \$10,000 represents more than 90 percent of the taxpayers of the country. It is this group which has been seriously affected by the rise in the cost of living. There can be no doubt about that.

I submit that in recent votes on the Defense Production Act in this Chamber there was not the same solicitude for the low-income groups. No roll-backs were authorized, no individual price ceilings were authorized. In fact, I did not see any overwhelming majority vote, led by the chairman of the Finance Committee or the chairman of any other committee, to see to it that we had ceiling, item-by-item prices on every single article which is sold in the American economy.

Mr. President, let me show what has happened in this bill, using only the

House bill as a measurement, which is not a perfect measurement. In the pending bill the Senate Finance Committee has reduced the corporate tax and earned-income tax below the House measure by the sum of \$1,700,000,000. I brought this fact out in my remarks at page 11710 of the CONGRESSIONAL RECORD. I pointed out:

One half a billion dollars of the reduction in the yield below the House bill will go to individuals; almost \$800,000,000 will go to corporations; and \$635,000,000 will be lost because of the failure to close loopholes, as recommended by the House, and because of the addition of new loopholes in the tax laws.

I also pointed out that of the \$500,000,000, which would be a reduction in individual income taxes, \$128,000,000 would go to 80 percent of the taxpayers, and \$312,000,000 would go to 20 percent of the taxpayers.

I also pointed out that under this bill corporations will have their taxes reduced by some \$800,000,000, which has no relationship to the low-income groups.

What I am trying to say, Mr. President, is that the action of the Senate committee is not an action which really responds to the individual needs of the lower-income groups.

Mr. President, I ask, How about coal royalties? Is the provision affecting them in favor of the low-income groups? How about the change of the effective date from January 1 to April 1? Is that in favor of the low-income groups? How about the percentage depletion for oil companies, and the like? Is that in favor of the low-income groups? How about the increase in the extension of the percentage depletion for coal and other minerals? Is that in favor of the low-income people who earn under \$3,000 or \$5,000 a year? How about the capital-gains tax, Mr. President?

How about the whole capital-gains section of our tax law? Is that in favor of the low-income groups?

As a matter of fact, Mr. President, the capital-gains tax has very little relationship to the low-income groups. The preferential treatment goes to higher income groups, as has been documented again and again.

How about the splitting of incomes? How about the splitting of corporations to gain exemptions from surtaxes, which is permitted? Is that in favor of the low-income groups?

How about the family-partnership section of the bill? Is that in favor of the \$3,000-a-year people?

How about the matter of stock options which has become a problem for the Salary Stabilization Board? Do \$3,000 and \$5,000-a-year people have stock option privileges, thereby being able to cash in their gains at the capital-gains rate, instead of at the earned-income rate?

Mr. KERR. Mr. President, will the Senator yield?

Mr. HUMPHREY. Yes.

Mr. KERR. Do I understand the Senator to say that no wage earner making \$5,000 or less a year has any stock-option privilege?



Mr. HUMPHREY. No. What I said was that that section is not designed for a \$5,000-a-year-income man.

Mr. KERR. Is the Senator aware of the fact that a vast number of corporations make that privilege available to people in the \$5,000-a-year-and-less groups?

Mr. HUMPHREY. The Senator from Minnesota is aware of the fact, but before a person can take a stock option he must have some money, and no man has any money if he is a married man earning \$5,000 a year and has a family to support. The Senator from Oklahoma knows as well as I do that the stock option is a problem before the Salary Stabilization Board—not the Wage Stabilization Board—and is primarily designed for corporation executives. That is what the Wall Street Journal recently said it was designed for.

Mr. KERR. Does the Senator from Minnesota take statements in the Wall Street Journal as being irrevocably true and not subject to check as to whether or not they are accurate?

Mr. HUMPHREY. No; the Senator from Minnesota does not, but he is also sufficiently prudent and conservative, and in this instance wise enough, to know that people who have an income of \$3,000 or \$5,000 a year are not taking advantage of the stock-option privilege in such large numbers, as is the case with some corporations. It is designed expressly for the purpose of rewarding directors and officers who receive increased income.

Mr. KERR. If there are corporations that make such privileges available to hundreds of their employees in the \$5,000-a-year field or less, it would be quite a surprise to the Senator from Minnesota; would it?

Mr. HUMPHREY. Yes, indeed.

Mr. KERR. The Senator from Minnesota should inform himself on that point, because if he did so he would find large numbers of such cases.

Mr. HUMPHREY. I should like to have the Senator from Oklahoma tell me, out of 42,000,000 taxpayers who have incomes under \$10,000 a year, how many are benefitted by stock options.

Mr. KERR. The Senator from Oklahoma says that thousands of them are. If the Senator from Minnesota will consult the records of Sears, Roebuck, American Telephone & Telegraph, and other such corporations, he will find the privilege available. That is true of dozens of corporations.

Mr. HUMPHREY. I appreciate the information which has been given to the Senate by the Senator from Oklahoma. I will say that historically the stock option privileges, particularly in this period of high earned income taxes, has been a means of rewarding the upper income groups, so that they may have an opportunity of cashing them in at the capital gains rate.

Mr. KERR. The Senator himself is not bound in his future action in every respect by what has been historically correct, is he?

Mr. HUMPHREY. I should like to consider history as being some guide for the future.

Mr. KERR. But not as a limitation or restriction beyond that which he would be willing to have it?

Mr. HUMPHREY. The Senator from Oklahoma would like to lead me down devious paths. I shall stop now.

Mr. President, I should also like to point out that in this late solicitude for the low-income groups, the redemption of stock in order to pay bad debts has nothing to do with three-thousand-, four-thousand-, and five-thousand-a-year people, who own no stock. I should also like to point out that such devices as corporate spin-offs, split-ups, and other techniques which are embodied in the bill have no relationship whatever to the low income groups.

The Senator from Minnesota will propose an amendment to the bill which will provide that no one making under \$5,000 a year shall pay any additional tax. Nevertheless, the total effect of the amendment would be to raise more money under earned income-tax rates than the present committee recommendation.

We will see whether we are going to stand up for the \$5,000-a-year people, which make up 80 percent of the taxpayers of America.

Mr. President, under this bill \$1,300,000,000 are to be collected from excise taxes. Washing machines and vacuum cleaners are taxed. Was that designed to help the low-income group?

We reduce corporate taxes by \$800,000,000, but we add \$1,300,000,000 in excise tax. A washing machine is generally a mechanism which is needed in the average worker's and farmer's home. It is needed in the home of the little man. Those in the higher income groups send their laundry out.

Does this evidence a heart-warming solicitude for the low-income groups? Indeed not.

The committee bill has not sufficiently taken into consideration the low-income groups. I will tell the Senate what has happened. According to the argument I have heard we are getting a preparatory orientation for the day when the proposals of the NAM and other similar groups for a universal manufacturers' excise tax will be brought to the floor of the Senate. We are being prepared for the day when, instead of having excise taxes on consumer durable goods there will be an excise or sales tax enacted to raise the revenue the Nation needs.

Before that proposal is ever brought to the floor of the Senate the loopholes which the Senator from Minnesota and other Senators have mentioned had better be closed and the capital-gains tax structure and the whole capital-gains program had better be completely revised, restudied, and relegislated.

Mr. President, the low-income people obtain little or no good from the capital-gains rate. The capital-gains tax is not designed for the \$3,000-a-year or the \$5,000-a-year man.

Finally, Mr. President, let me say that the budget has been legislated by the Congress. Senators can condemn the President as long as they may desire, and apparently there is a desire on the part of some to do a good deal of condemning. However, the fact remains

that the Congress makes and has made the appropriations. The President made his recommendations, but the Congress made the appropriations. I repeat that too often the President's recommendations have not been held in very high regard in the Senate and in the House of Representatives.

Of course, the Congress has a right to make its own decisions. The President sent his recommended budget to the Congress, and the congressional committees went through that budget and studied it, and thereafter the Members of the House and the Members of the Senate voted on the budget, after receiving the recommendations of their respective committees, which were made on the basis of the budget which came to the Congress from the Bureau of the Budget. We have determined what the appropriations are to be, and we have asked the people of the country to get busy with the defense of the United States. I say we have taken that responsibility upon ourselves.

We, the Congress, have determined what are to be the appropriations and what are to be the expenditures which will be made for the Government. The Congress, not the President, has done that. We have done the spending, and now we must do the paying.

It does little or no good to talk about the low-income groups and at the same time fail to take into consideration what will be the effect of a \$5,000,000,000 or a \$8,000,000,000 deficit.

The Senator from Wyoming [Mr. O'MAHONEY] pointed out this morning what that situation might be. I hold in my hand a newspaper article by the Associated Press, which surely is at least a guide. The heading of that article is, "Deficit of \$8,000,000,000 is held possible as defense outlay rises."

Mr. President, I say that we may possibly have a deficit of \$7,000,000,000. Others say we may have underestimated the expenditures and may have overestimated the revenues. Be that as it may, we certainly shall have a deficit, and a large one.

The article to which I have referred tells the story:

A big Government deficit affects everyone. To get money not coming in from taxes, the Government sells bonds or other securities to investors who take the money from their reserves. The Government throws this money into the spending stream, bidding up prices and pumping up inflation.

Whose prices are pumped up, Mr. President? To a man with an income of \$25,000 a year, it does not make too much difference whether the automobile he drives costs \$2,200 or \$2,500, or whether the washing machine his wife wants and needs cost \$150 or \$175. It does not make too much difference to him whether the train ticket or the airplane ticket has increased in price 5 percent or 10 percent, or has not increased in price at all, because a man in that income group can generally "roll with the punch," unless the inflation goes completely berserk and out of hand.

However, when prices rise, they affect the man who is being paid \$40 or \$50 a week and who has a wife and has children in school, and has to pay, because

of the rise in prices, a somewhat larger amount for clothing, for medical care, for food, and to maintain the automobile in which he must drive to work. Those little increases in the cost of the things he has to buy can be catastrophic to him and can wreck him.

Mr. President, at this time of a shortage of durable and consumer goods, deficit financing, which means packing more purchasing power into the stream of the economy, means higher prices, particularly when there is a weak price-control law, which is what we have.

All I am saying, Mr. President, is that the low-income group is now being fashioned to be taken to the cleaners unless we do something to properly balance the budget, to put this program on a pay-as-you-go basis, or at least to make every possible effort to do so.

The Senator from Georgia has said, with deep sincerity, "Cut the expenditures." That is what he feels we should do. However, I repeat that in this body we rule by majority vote. We did not cut the expenditures enough to please some; we cut the expenditures more than enough to please others. However, we have made a calculated decision.

I say that to increase spending without increasing revenue means exactly what I have said before, namely, high prices in the markets, high prices for furniture, high prices for everything from diapers to the finest formal dress which could be worn at a Washington party. I say that increased spending without increased revenue means high prices, and primarily it means high prices to be paid by the little people who can least afford to pay them. It also means higher prices for bombers and tanks and everything else our Government buys, and that means increased expenditures; and that can mean one of two things: Either more and bigger deficits or more and greater taxes.

Mr. President, I submit that no one can defend an arrangement by means of which, of the \$1,700,000,000 which would be lost by the Senate Committee version of the bill, as compared with the version of the bill passed by the House of Representatives, \$1,535,000,000 would go to the corporations and to persons having incomes of \$5,000 or more. One billion five hundred and thirty-five million dollars of that which is lost—computing the loss on the basis of the House figure, as compared with the Senate committee figure will go to corporations, which have the highest profits in the history of American enterprise, or will go to the persons in our country who have taxable incomes of more than \$5,000 a year. That is not what we mean by taking care of the low-income groups; not on your life, Mr. President.

I think the Senator from Georgia is eminently correct when he says the low-income group has already paid until it hurts.

I submit that unless we tighten up the provisions of this measure, unless we revise the corporate tax rate and the excess profits tax rate, unless we eliminate some of the loopholes in the tax law, and unless we do something to revise the entire capital-gains structure provided by this bill, the little fellow

will pay even more. He will pay it either through taxes or through inflation. If he pays it through inflation, he will pay it on a cost-plus basis.

That is my argument, Mr. President; and I believe that it is a valid one.

I do not contend that everything has been done as it should have been done. I have been critical of the administration for its hesitancy in applying controls; indeed, I have been critical publicly and privately. But I say, after all that has been done, what have we done to strengthen the law? We have heard it said that the administration did not carry out the law so well, so we should make it weaker. What else were we told? We were told that credit controls and taxes would correct the evils prevalent. Mr. Baruch wrote to the Senator from Minnesota. I have in my hand a letter dated September 20, 1951, in which Mr. Baruch said:

MY DEAR SENATOR HUMPHREY: As you know, I have been an advocate of very high taxes in war or preparation for war or defense, such as we are going through now. You may recall that I wanted to go all-out for 2 years—no piecemeal program such as we have had.

That is what Mr. Baruch says. He is for high taxes. He is for the kind of controls which are effective. He continues:

The bill that was passed over a year ago was a pretty good bill if they had only used the power granted. But apparently there was no desire to use the controls where to do so might interfere with large political pressure groups.

I think perhaps he is right, and I have spoken my mind on this subject to the President, the Economic Stabilizer, the Wage Stabilization Board, and all with whom I have conferred, pressure groups, and others. I have voted in the Senate against farm pressure groups, if one wishes to call them that, labor pressure groups, and business pressure groups. Many of these people had honest grievances, as I have discovered because I have come in contact with them. But it does no good to warm over old biscuits. We all make mistakes. The fact of the matter is that the cost of living is at a perilous height. The fact of the matter is that the cost of living is continuing to rise, and the fact of the matter is that, even though someone on Pennsylvania Avenue may not have done as well as he ought to have done, we in this body have to do what needs to be done in this tax bill.

I have read the testimony of the United States Chamber of Commerce in the record of the hearings. I read Mr. Alvord's testimony. I read the testimony of the Committee for Economic Development. I read the testimony for the National Association of Manufacturers. I read the testimony of the CIO and of the A. F. of L., of those who spoke for the farmers, and of men who spoke for the Farm Bureau.

Mr. President, the fact of the matter is that there is now a crusade on in this country, and a new subtle party line, a new party line. What is the party line? "Prepare thyself, humble servant, for the day of the Federal sales tax." That is what the new party line

is. That new line is buttressed by such thoughts as "corporations do not pay taxes, only people pay them." That line is buttressed by such statements as "We have gone as far as we can with the tax program, we can go no further." Can we not?

Mr. President, we can go further, as we will when American corporations making gross profits of \$49,000,000,000 or \$50,000,000,000 are properly taxed. We can go further, when we are squeezing out another \$5 or \$6 a month from the poor little family which is trying to eke out a living. We can go further.

We can plug up some of the loopholes in the tax laws, of which there are plenty. We can salvage the entire tax structure, if we desire to do so. I know it is not easy. But I submit, Mr. President, that the easy way out is to do what some people have already recommended, enacted a manufacturers' excise tax all the way down the line. That is the easy way out. But let me tell you, Mr. President, that way out is not going to be accepted without political repercussions and economic repercussions.

Let not anyone say that an economy which is producing a national income now at the rate of almost \$275,000,000,000 a year cannot bear this tax bill. Let no one tell me that, when we find such reports as the one I had brought to my attention this morning, the Business News Reports of the United States Department of Commerce, Office of Business Economics. I read:

Plant expansion and equipment expenditures for the full year 1951 are expected to amount to \$24,800,000,000 as compared to \$18,600,000,000 last year, and \$19,200,000,000 in 1948, the previous peak year. Though costs of capital expansion have lessened since 1948 it appears that the physical amount of plant and equipment purchased this year will be about one-sixth more than in 1948, and one-fourth more than last year.

Mr. President, \$21,000,000,000 worth of savings were reported last year, \$21,000,000,000 worth of savings, despite the fact that in the low-income group the debt increased by over 34 percent. Thousands of our little people went into debt; and when I say the little people, I mean the great rank and file of the American taxpaying public, those receiving less than \$5,000 or \$6,000 a year.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I will yield in a moment. Those people are going into debt for what? To repair their cars, that they may go to work. When they trade their car in, they get a low trade-in allowance on a high-priced new car. A car to be used for what? To drive to work in the big industrial plant. The farmer wants new machinery, and he must pay new high prices. The farmer wants fertilizer, and for that he must pay new high prices. The farmer wants seed, and for that he must pay new high prices.

Mr. President, I appeal to the Senate, there is one element in our economy which is making the greatest profits in the history of American enterprise, and there are those who are out to tax them out of business. I simply do not want



them to come around here to tell this Senator or any other Senator that they cannot bear more. As the Senator from Wyoming so well said, American enterprise, grand as it is and great as it is, has everything to lose if we falter. The one weapon this country has, which Stalin does not have, is a great economic system, the greatest economic system in the world, and here we are playing with it, and I submit we are playing with it when, in the first full year of our mobilization, we admit to the world that we cannot pay the bill. What is going to happen in the second year, when General Eisenhower asks for a step-up development? What is going to happen in the third year, when we know that in order to protect our freedom, our free economic system, we have to do more than we are doing now?

Mr. President, I submit that an economy which employs 65,000,000 persons, an economy whose gross national product is \$330,000,000,000, whose annual income is more than \$275,000,000,000, an economy which has a greater production than anyone ever dreamed was humanly possible, can pay the cost of the present program for this year at least; and I submit that it can pay for it without squeezing out the last ounce of blood from the low-income group. We have already hurt them; we have already driven them into despair and distress. As one who has been privileged in America to have a little better income than some others, I can pay more taxes, and so can all other Senators. Anyone receiving \$10,000 or \$15,000 a year can pay more. Anyone receiving \$20,000 a year can pay more. Shame on us if we say we cannot. There are thousands of people in America in that group. The facts speak for themselves.

Mr. President, I have evidence of the facts from the committee itself. There are in America approximately 1,342,865 taxpayers with incomes of from \$10,000 to \$25,000. There are in America today approximately 247,141 taxpayers with incomes of from \$25,000 to \$50,000. I do not say that these people shall be penalized, but I say they have more to lose than anyone else, and it is preposterous to say they cannot pay more taxes. It may not be popular to say it, but it is preposterous to say they cannot pay more taxes. We can all pay more if we give up a little bit of our vacation, a little bit of some of the luxuries of life. We are not asking America to tighten her belt, but only to give up a little bit of her luxury; that is all. I refer to the kind of luxury we see when we go to the resorts and beaches of America, and up and down the land. Everyone will have to contribute a little. I am pleading for the bill to be judged on the basis of two factors:

No. 1. Does it meet the commitments which we as honorable men have already made? We have appropriated, and we have outlined the rate of expenditures. Does this bill meet the situation? The answer is "No."

No. 2. Is this bill based upon the fair and equitable principle of ability to pay? It is not. Does this bill, Mr. President, close the gaps of our tax law? Does it fundamentally alter our tax structure

so that there will be less tax avoidance and tax evasion? No, indeed.

Until that is done, Mr. President, I intend to fight to improve the bill. Some people say, "You talk too much about the bill." I am talking about \$500,000,000, and that is worth fighting for and talking for. People fight for much less than that. I am talking about getting equity in the program. If it takes 2 weeks, we shall take 2 weeks; if it takes a week, or 2 days, we shall take that amount of time. We want reasonable debate on each and every amendment.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McFARLAND. If I may so suggest to the Senator, I do not believe that talking for 2 weeks is going to gain any votes on any amendment. I say that in all kindness. We can come just as near to securing the adoption of any amendment by using a reasonable time in debate as by speaking for 2 weeks. Some of us are charged with the responsibility of trying to map out a program so that Senators can know on what to count. I should like to know, if the Senator does not mind telling me, how long he intends to speak, and whether we can expect to have a vote on the first amendment today. I might state to the Senator that yesterday there were 57 pages of talk in the CONGRESSIONAL RECORD, not including the Appendix, and that cost the Government approximately \$5,000. Of course, that is not much money as compared with the amounts we are talking about in connection with the bill, but I dare say the talk did not accomplish very much by way of gaining votes. I think most of the arguments have been made several times.

Mr. HUMPHREY. The Senator knows that the junior Senator from Minnesota does not object to having a unanimous-consent agreement. I wish we could agree to a time limitation on all the amendments. I am ready to enter into an agreement now. We adopted an amendment which, according to the committee report, will raise \$10,000,000. I will trade \$5,000 for \$10,000,000 any day. The fight which we are putting up in connection with this bill is simply to—

Mr. McFARLAND. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I yield.

Mr. McFARLAND. I should like to invite the Senator's attention to the fact that each one of these amendments could be debated for 1 hour, 30 minutes to a side, and there would be more Senators on the floor to hear the arguments than would be present if the speeches lasted for hours and wore everyone out.

Mr. HUMPHREY. Let me say to the majority leader that I have listened to talk here that did not have to deal with as much as we are discussing at this time. We are talking about billions of dollars of revenue. As I said on Saturday and on Monday to the Senator, I should like to enter into a unanimous-consent agreement. Let us have the proposal. Let us enter into a unanimous-consent agreement.

Mr. McFARLAND. Mr. President, will the Senator yield for that purpose?

Mr. HUMPHREY. Indeed I will.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the debate on each amendment be limited to 1 hour, 30 minutes on a side, to be controlled by the proponents of the amendment and by the distinguished Senator from Georgia [Mr. GEORGE] if he opposes the amendment; if not, by the acting minority leader; that a like limitation be placed upon each motion or appeal, and that the debate on the bill be limited to 2 hours.

Mr. CASE. Reserving the right to object, personally, Mr. President, I would be very much in favor of what the distinguished majority leader has suggested. However, it will be necessary for me to suggest the absence of a quorum before that kind of an agreement can be made. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Minnesota yield for that purpose?

Mr. HUMPHREY. I shall be glad to yield for that purpose, provided that at the end of the quorum call we shall be able to enter into such an agreement.

Mr. McFARLAND. I cannot guarantee that we can enter into a unanimous-consent agreement.

Mr. HUMPHREY. I realize that no one can guarantee anything in this body.

Mr. GEORGE. Mr. President, I object to the Senator from Minnesota yielding for the purpose of suggesting the absence of a quorum.

The PRESIDING OFFICER. Objection is heard.

Mr. CASE. I withdraw my suggestion.

Mr. McFARLAND. Mr. President, the Senator from Minnesota has yielded the floor, and I have presented my request.

Mr. HUMPHREY. I have yielded the floor, Mr. President.

Mr. GEORGE. I have no objection, then, of course.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Millikin
Bennett	Hennings	Monroney
Benton	Hickenlooper	Moody
Brewster	Hill	Morse
Bricker	Hoey	Mundt
Butler, Md.	Holland	Murray
Butler, Nebr.	Humphrey	Neely
Byrd	Hunt	Nixon
Cain	Ives	O'Connor
Capehart	Jenner	O'Mahoney
Carlson	Johnson, Colo.	Pastore
Case	Johnson, Tex.	Robertson
Clements	Johnston, S. C.	Russell
Connally	Kem	Saltonstall
Cordon	Kerr	Schoeppel
Dirksen	Kilgore	Smathers
Douglas	Knowland	Smith, Maine
Duff	Langer	Smith, N. J.
Dworshak	Lehman	Smith, N. C.
Eastland	Lodge	Sparkman
Eaton	Long	Stennis
Ellender	Magnuson	Taft
Ferguson	Malone	Underwood
Flanders	Martin	Watkins
Frear	Maybank	Welker
Fulbright	McCarran	Wiley
George	McClellan	Williams
Gillette	McFarland	Young
Green	McKellar	
Hayden	McMahon	

The PRESIDING OFFICER (Mr. Moody in the chair). A quorum is present.

Is there objection to the request of the Senator from Arizona [Mr. McFARLAND]?

Mr. SALTONSTALL. Mr. President, will the presiding officer please state the question?

The PRESIDING OFFICER. Will the Senator from Arizona restate his request, please?

Mr. McFARLAND. Mr. President, my request was that debate be limited on each amendment to 30 minutes to the side, the time to be controlled by the proponent of the amendment and the distinguished Senator from Georgia [Mr. GEORGE], or in the event that the Senator from Georgia is in favor of the amendment, then by the acting minority leader or any Senator he designates; that all amendments must be germane; that the same limitation be made as to motions and appeals; that debate on the bill be limited to 2 hours, to be controlled by the distinguished Senator from Georgia and the minority leader, or anyone he may designate.

I understand from the Senator from Minnesota [Mr. HUMPHREY] that he has an exception; he wants 1 hour to each side to be given to each of the four amendments he named on the floor. I am trying to enter into some arrangement whereby we will complete action on the bill at some time. I am willing to make an exception of the four amendments the Senator from Minnesota specified on the floor.

Mr. HUMPHREY. Mr. President, I will send those amendments to the desk. They are marked on a sheet.

The PRESIDING OFFICER. The list will be received.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. TAFT. There is only one amendment, as I understand, which will take any considerable time. The proposed agreement may, in fact, lengthen the debate. I would not want it to be understood that if debate on one of the four amendments were concluded before 2 hours, the amendment could not be voted on.

Mr. McFARLAND. No. There is simply a limitation on the length of time debate can continue. I would hope that we could finish the debate on each of the four amendments mentioned by the Senator from Minnesota in less than 2 hours. In fact, one of the amendments has been debated on the floor, not once, not twice, but at least a half a dozen times. Some of the others have been debated at length. I do not see any reason for as much as 2 hours debate on any of the four amendments.

Mr. BUTLER of Maryland. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. BUTLER of Maryland. Is it contemplated that the pending amendment shall come under the agreement? I should think we could vote on that now. We have debated it all this afternoon. Let us vote now on the pending amendment and try to save time.

Mr. McFARLAND. That would be fine, but I wish to see if we can enter into the proposed agreement. I will do anything that is reasonable to expedite matters.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. McCARRAN. Mr. President, I regret to say that I must object. I think this is probably the first time in my career that I have objected to a unanimous-consent request to limit debate. The status of the bill and the debate that has proceeded on it compels me to object to any limitation of debate at this time. I may not maintain that position, but at this time I cannot agree.

Mr. McFARLAND. Will the Senator withhold his objection for a moment?

Mr. McCARRAN. Certainly.

Mr. McFARLAND. Mr. President, I want to work out an agreement if it can be done, and in order to do so I should like to know if there are any other objections, so we can contact the Senators as we have the Senator from Minnesota [Mr. HUMPHREY].

Mr. SALTONSTALL. Mr. President, reserving the right to object, with the assistance of the clerks on the side of the minority I have checked the minority so far as I can, and I find the situation to be about as follows: Of the Senators on the minority side who had objections yesterday, one has withdrawn his objection entirely. The Senator from Oregon [Mr. MORSE] believed that there should be debate. I think I should wish to consult him finally, but I believe that he would be entirely satisfied by the suggestion of the Senator from Minnesota, to which I understand the Senator from Arizona agrees.

Mr. McFARLAND. Is the Senator referring to the Senator from Oregon [Mr. MORSE]?

Mr. SALTONSTALL. Yes.

Mr. McFARLAND. I talked with him yesterday evening.

Mr. SALTONSTALL. The junior Senator from Nevada [Mr. MALONE] feels substantially as does the senior Senator from Nevada, but I think he would be satisfied if he were assured of at least 2 hours' discussion on the bill, either tomorrow or next day.

The Senator from North Dakota [Mr. LANGER] has just entered the Chamber. I think I am correct in saying that there should not be any agreement entered into at the present time. So far as I know, with the exceptions I have mentioned, no other Member on the minority side is opposed to some form of unanimous-consent agreement.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. O'MAHONEY. It is obvious that unanimous consent will not be given with respect to the entire bill. However, there is a possibility that unanimous consent might be given with respect to that portion of the bill which has been the subject of most of the discussion today. The Senator from Minnesota [Mr. HUMPHREY], the Senator from New York [Mr. LEHMAN], the Senator from Illinois [Mr. DOUGLAS], and other Senators have a group of amendments to which they wish to devote more time.

With respect to the amendments which affect the excess-profits tax—

Mr. McFARLAND. Mr. President, may I ask the Senator if he would be willing to agree to a limitation of debate on the amendment which he has presented?

Mr. O'MAHONEY. Yes; I am quite willing to do so.

Mr. McFARLAND. How much time would the Senator want?

Mr. O'MAHONEY. So far as I am concerned, that amendment has been fully debated, and I am ready to vote now.

Mr. McFARLAND. Mr. President, I ask unanimous consent that we may vote immediately on the pending amendment.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Reserving the right to object, the Senator from North Dakota [Mr. LANGER], who has just left the Chamber, asked me on his behalf to register an objection to any unanimous-consent agreement at the present time.

Mr. GEORGE. Mr. President, I demand the regular order.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming [Mr. O'MAHONEY] to strike out section 508.

Mr. CASE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE. As I understand, the vote is on the O'Mahoney amendment, which is to strike from the committee amendment the section having to do with dealers in municipal bonds. A vote "yea" would be to strike that section from the committee amendment, and a vote "nay" would be a vote to support the committee position. Is my statement correct?

The PRESIDING OFFICER. The Senator is correct.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from North Carolina [Mr. SMITH] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness of his immediate family.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Wisconsin [Mr. McCARTHY] is detained on official committee business, and, if present, he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and, if present, he would vote "nay."



The result was announced—yeas 22, nays 65, as follows:

## YEAS—22

Benton	Hunt	Murray
Douglas	Kilgore	Neely
Fulbright	Langer	O'Mahoney
Green	Lehman	Pastore
Hayden	Magnuson	Smathers
Hennings	McMahon	Sparkman
Hill	Moody	
Humphrey	Morse	

## NAYS—65

Alken	Frear	McFarland
Bennett	George	McKellar
Brewster	Gillette	Millikin
Bricker	Hendrickson	Monroney
Butler, Md.	Hickenlooper	Mundt
Butler, Nebr.	Hoey	Nixon
Byrd	Holland	O'Connor
Cain	Ives	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Colo.	Saltonstall
Cace	Johnson, Tex.	Schoeppel
Clements	Johnston, S. C.	Smith, Maine
Connally	Kem	Smith, N. J.
Cordon	Kerr	Stennis
Dirksen	Knowland	Taft
Duff	Lodge	Underwood
Dworshak	Long	Watkins
Eastland	Malone	Welker
Eaton	Martin	Wiley
Ellender	Maybank	Williams
Ferguson	McCarran	Young
Flanders	McClellan	

## NOT VOTING—9

Anderson	Kefauver	Thye
Bridges	McCarthy	Tobey
Chavez	Smith, N. C.	Wherry

So Mr. O'MAHONEY's amendment to the amendment of the committee was rejected.

Mr. O'MAHONEY obtained the floor. Mr. MCFARLAND. Mr. President, will the Senator from Wyoming yield briefly to me for an explanatory statement?

Mr. O'MAHONEY. Yes.

Mr. MCFARLAND. I should like to make a statement involving the vote yesterday on the amendment affecting the tax on cooperatives, offered by the senior Senator from Delaware [Mr. WILLIAMS]. The senior Senator from North Dakota [Mr. LANGER] has been very much interested in the tax provisions on cooperatives. He had spoken to me, expressing the hope that a vote be not taken on the Williams amendment until he returned from San Francisco. I regret that the Senator from North Dakota's request escaped my mind completely last evening when I was one of those on the floor who was pushing for a vote on the Williams amendment. Of course, if the vote had not resulted as it did, the senior Senator from North Dakota would have had the right to move to reconsider the vote upon his return. I regret very much that the vote was taken in his absence, since had I recalled his request, I certainly would have asked that the vote be deferred to today.

Mr. LANGER. I thank the Senator from Arizona.

Mr. CAPEHART. Mr. President, does the Senator's statement mean that at any time when a Senator is absent he can have a vote reconsidered on his return?

Mr. MCFARLAND. The Senator from Indiana knows that any Member may move to have a vote reconsidered, if such a motion has not already been made and disposed of.

Mr. CAPEHART. Does it mean also that a speech will be made for any of us who happens to be absent?

Mr. MCFARLAND. If the Senator from Indiana had requested me to do

what the Senator from North Dakota, did, and his request had escaped my mind, I would be most happy to state on the floor in his behalf that the request had been made. I would do that for any Senator.

Mr. O'MAHONEY. Mr. President, I regard the vote which has just been taken as rather indicative of the votes which may be taken on some of the other amendments which I have in mind with respect to the elimination of the relief provisions of the bill. I have learned from Members of the Senate, some of whom voted against the amendment which has just been rejected, that they would prefer to vote on the acceptance or rejection of the committee amendment to the House bill. It is the amendment which appears at page 332 of the bill. The amendment is brief, and it can be easily explained. The House, in passing the tax bill, proposed to lower the base relating to the excess profits credit based on income. The House provision has the effect of saying that the excess profits tax shall fall only upon the top 25 percent.

Mr. GEORGE. Mr. President, I should like to inquire of the Senator from Wyoming whether he is referring to title V. Does he have any further amendment to that title?

Mr. O'MAHONEY. I still have further amendments which I may care to offer. I am trying to expedite matters. I said a moment ago that I am inclined to believe that the vote which has been taken is indicative of the persuasive eloquence of the Senator from Georgia. I am not disposed to stand upon the floor and take up the time of the Senate unnecessarily.

Mr. President, I have been explaining to the Senator from Georgia that my purpose now is to turn to page 332 and ask, under the unanimous-consent rule which was adopted on September 19, that the action agreeing to the committee amendment striking out section 502 be now regarded as rescinded. I am ready to have it come to a vote without more than 10 minutes debate on my part.

Mr. TAFT. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. Yes.

Mr. TAFT. Do I understand correctly that the Senator from Wyoming is withdrawing the pending amendment?

Mr. O'MAHONEY. The amendment which was pending was rejected by the Senate. That was the only amendment which the Senator from Wyoming had offered.

Mr. TAFT. The Senator from Wyoming had opened up the committee amendment on title V.

Mr. O'MAHONEY. That is true.

Mr. TAFT. That amendment is before the Senate now. The Senator from Wyoming has already spoken twice on it. He is now trying to speak a third time on it.

Mr. O'MAHONEY. The Senator from Ohio is mistaken. If the Senator will listen to what I am saying, he will see that he is in error. I have just said to the Senator from Georgia—and I shall be guided entirely by what the Senator from Georgia says about it—that in my opinion action upon the excess-profits

phases of the bill will be expedited if we now have a vote on the committee amendment which strikes out the House provision changing the base.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.

Mr. TAFT. My point is that under the general consent agreement the Senator has opened up the question on title V.

Mr. O'MAHONEY. The Senator from Ohio is quite correct about that.

Mr. TAFT. Therefore, that committee amendment is now before the Senate. Until the Senate disposes of the committee amendment, I suggest that the Senator from Wyoming cannot move to another committee amendment in section 502.

Mr. O'MAHONEY. The Senator from Ohio is speaking from his knowledge. I am speaking from knowledge given to me by the Senator from Georgia, who tells me that he may wish to offer an amendment to the committee amendment. I also know that the Senator from Colorado wishes to offer an amendment to the committee amendment. Therefore, I am at a loss to know just what to do until the members of the committee perfect their own amendment.

Therefore, I am seeking, in the interest of expediting action on the bill, to have the Senate reach a vote on the committee amendment striking out the House provision.

Mr. TAFT. I suggest that the Senator from Wyoming can do that only by unanimous consent.

Mr. O'MAHONEY. Yes, of course.

Mr. TAFT. Because the other committee amendment is before the Senate, and until it is disposed of, we cannot deal with another committee amendment.

The PRESIDING OFFICER. That is correct.

Mr. TAFT. The Chair agrees with that.

Mr. O'MAHONEY. The Senator from Georgia indicates that he would like to offer some perfecting amendments to the excess-profits-tax provisions reported by the committee in title V. I have no objection to proceeding in that way.

However, I say that the position taken by the Senator from Ohio is not my understanding of parliamentary procedure. The mere fact that a Member of this body reopened the entire title V did not constitute a rule that the Senate could consider only title V. In order to demonstrate that, it is only necessary to read the unanimous-consent agreement, which is as follows:

*Ordered, by unanimous consent, that the committee amendments to the pending bill (H. R. 4473), the Revenue Act of 1951, be agreed to en bloc: Provided, however, That such action with respect to any specific amendment shall, upon the request of a Senator be deemed to be rescinded, and the consideration of such amendment shall then be proceeded with in accordance with the rules of the Senate.*

I am willing to allow the Senator from Georgia to proceed; and I yield the floor.

Mr. GEORGE. Mr. President, I merely wish to offer two clarifying amendments to section 507, beginning on page

303. They are purely clarifying; I do not think there can be any objection to them. I wish to do that before we finally dispose of this whole title.

I should like—and I think the situation is apparent if one examines that portion of the bill—to offer a clarifying amendment to the committee amendment, beginning on page 303, where will be found section 507, entitled "Decrease in Inadmissible Assets." The amendment would be as follows: to revise section 435 (g) (10) (B) (i), to read as follows:

Property used in the taxpayer's trade or business within the meaning of section 117 (j) (1), except that such property need not be held more than 6 months.

The only purpose of including that provision was to describe the property. This section relates solely to the conversion of inadmissible assets into admissible assets if they are invested in operating property. That is all that is intended. However, some fear has arisen on the part of some persons who have read the section that we were requiring that before they could convert an inadmissible asset into an admissible asset by, let us say, selling a bond and investing the proceeds of the bond in a boiler or an engine, they would have to hold the boiler or the engine for 6 months. Of course, that was not true. When we referred to section 117 (j) (1) it was merely for the purpose of description: that is all we intended to do.

The other amendment which I wish to offer to the section is purely clarifying. It relates to section 435 (g) (10) (C), and reads as follows:

The amount determined under paragraph (9) shall be subject to reduction to the extent that the Secretary determines.

That amendment is purely clarifying and is not intended to change the sense or the meaning at all. However, inasmuch as the descriptive term first used might indicate that before one could convert an inadmissible asset into an admissible asset, he would have to hold the property for 6 months, it seemed necessary to offer this amendment to the committee amendment.

So, Mr. President, I offer those two amendments to the committee amendment.

The PRESIDING OFFICER. The amendments submitted by the Senator from Georgia to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 305, after line 3, it is proposed to revise section 435 (g) (10) (B) (i) to read as follows:

Property used in the taxpayer's trade or business within the meaning of section 117 (j) (1), except that such property need not be held more than 6 months.

In the committee amendment on page 305, after line 18, it is proposed to amend section 435 (g) (10) (C) to read as follows:

The amount determined under paragraph (9) shall be subject to reduction to the extent that the Secretary determines . . . .

The PRESIDING OFFICER. The question is on agreeing to the amend-

ments submitted by the Senator from Georgia to the committee amendment.

The amendments to the committee amendment were agreed to.

Mr. GEORGE. Mr. President, I have no other amendment to offer to the committee amendment.

Mr. JOHNSON of Colorado. Mr. President, I desire to offer an amendment to the committee amendment on page 320, section 518, entitled "Consolidation of Newspapers." This amendment to the committee amendment is technical in nature. It refers to the consolidation of newspapers occurring after the base period, but prior to 1950. Prior to the consolidation of the business of the two newspapers, they had very heavy expenses and paid very low taxes; but after they were reorganized, they had, of course, more profits because they had reduced their expenses.

So in arriving at what their profits should be, and in order not to affect their profits in an abnormal way, it is proposed that they may add their expenses to their profits in the base period, which will give a better picture of what their base period should be.

So, Mr. President, I send to the desk the amendment to the committee amendment. As I have said, the amendment is very technical in nature.

Mr. O'MAHONEY. Mr. President, will the Senator from Colorado yield to me, to permit me to ask a question?

Mr. JOHNSON of Colorado. Yes; I yield for that purpose, although I do not know whether I can answer the question.

Mr. O'MAHONEY. I rather think the Senator from Colorado will be able to answer the question, judging from what he has already stated.

Mr. President, do I correctly understand from the description the Senator from Colorado has given of this provision of title 5, namely, section 518, which deals with consolidation of newspapers, that it was written into the bill for the express purpose of dealing with one consolidation?

Mr. JOHNSON of Colorado. No; of course not. All tax measures have to be general in their application and have to apply to every taxpayer.

Mr. O'MAHONEY. Is this not a case of general language designed to accomplish a specific result?

Mr. JOHNSON of Colorado. Oh, I would not say that, necessarily.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 320, it is proposed to strike out lines 19 through 22, and insert in lieu thereof the following: "fore July 1, 1950, if—", and on page 321, in line 24, it is proposed to strike out "determined under section 435 (d) (4)" and insert "determined under section 435 (d) (4); the taxpayer's average base period net income determined under this subsection shall be an amount computed under section 435 (d) plus an amount equal to the excess of the average of the amounts paid or incurred as expenses in the conduct of the operations described in paragraph (1) during the two taxable years of the taxpayer next preceding the taxable year in which such consolidation

began over such amounts paid or incurred during the first taxable year of the taxpayer beginning after such consolidation."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the amendment.

Mr. O'MAHONEY. Mr. President, I have no objection to agreeing to the perfecting amendment offered by the Senator from Colorado, but after it has been adopted, I merely want to say a word about the propriety of such action.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. Mr. President, with respect to the committee amendment itself, as amended—

Mr. FREAR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Delaware.

Mr. FREAR. I have one little clarifying amendment to title V.

Mr. O'MAHONEY. In the same section?

Mr. FREAR. It is in title V.

Mr. O'MAHONEY. Let us dispose of this section first. Section 518 is now before the Senate, as amended by the Senator from Colorado. It is clear from the record that this is a relief provision which is designed to give special consideration to a special condition. The taxpayer to be benefited by this consolidation of newspaper operations must first, after the close of the first half of the base period and prior to July 1, 1950, have "consolidated its mechanical, circulation, advertising, and accounting operations in connection with its newspaper publishing business with such operations of another corporation engaged in the newspaper publishing business in the same area."

All in the world that means is that a particular newspaper corporation must before July 1 have purchased the assets—the mechanical assets, the circulation, the accounts, and so forth of it—of another, and by the result of such purchase reduced the expenses of its operations, thereby increasing its profit. That is clear from the next paragraph, paragraph 2.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Will the Senator let me read this, please?

Mr. JOHNSON of Colorado. Certainly.

Mr. O'MAHONEY. Second, this is applicable only if the taxpayer, in addition to the foregoing, establishes to the satisfaction of the Secretary that, during the period beginning with the consolidation and ending with the close of the first taxable year beginning after the consolidation, such consolidation resulted in substantial reductions in the amounts which would otherwise have been paid or incurred as expenses in the conduct of the operations described in paragraph (1). So here we have a



combination, a consolidation, purchase of the machinery and purchase of the assets, which reduces the expense, and which must necessarily, therefore, increase the profit. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, the Senator may be correct in the example which he has stated, but the particular case which I mentioned as one of the examples of the situation in which this would apply did not include the purchase of the machinery. There was not a purchase of the machinery. There was not a purchase of the plant. There was consolidation in the operation of two newspapers, and the savings grew out of the consolidated operations; and instead of having heavy expense and loss, they were able, not at all due to the war but due to great efficiency in their operations, to make a profit. Now the excess-profits tax comes along and taxes them for their more efficient method, and the better service rendered to the community.

Mr. O'MAHONEY. Mr. President, what the Senator has said means but one simple thing: There was a consolidation which has reduced expenses and increased profits and made the newspaper more capable of paying taxes. It is obviously a special condition. It seems to me that the amendment should be rejected.

The PRESIDING OFFICER. The question is on agreeing to title V as amended.

Mr. O'MAHONEY. No, Mr. President, the question is on agreeing to section 518, as amended.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian—

Mr. O'MAHONEY. Mr. President, in order to make the matter perfectly clear, then, I move to strike section 518 as amended.

The PRESIDING OFFICER. The question is on agreeing to that section as amended.

Mr. GEORGE. No, Mr. President, there is a motion to strike.

Mr. O'MAHONEY. Mr. President; I am making the formal motion to strike section 518, as amended, and those who wish to strike this section should vote "aye," and those who wish to vote with the Senator from Colorado should vote "no."

The PRESIDING OFFICER. The Parliamentarian informs the Chair that the question is on agreeing to the section as amended. A negative vote will accomplish the purpose of the Senator from Wyoming; an affirmative vote will accomplish the opposite.

Mr. MILLIKIN. Mr. President, we are unable to hear the ruling of the Chair.

Mr. O'MAHONEY. It all depends upon which way the Chair submits the question. If the amendment is submitted as a committee amendment, as amended, then those of us who are opposed to it should vote "no." If, however, it is submitted upon my motion, which is altogether similar to the motion

I made with respect to section 508, that section 518, as amended, be stricken from the committee amendment, then those who do not believe this special arrangement should be made should vote "aye." I propound the parliamentary inquiry, How is the Chair going to submit the question?

The PRESIDING OFFICER. The Chair is informed that such questions are submitted in the affirmative. The question is on agreeing to section 518, as amended.

Mr. O'MAHONEY. Mr. President, on that I merely desire to say that those who agree with the Senator from Colorado should vote "aye," and those who agree with the few remarks I have made on this matter should vote "no."

The PRESIDING OFFICER (putting the question.) The "ayes" have it, and the amendment is agreed to.

Mr. FREAR. Mr. President, I offer an amendment to section 514.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 315, line 8, after "(d)," it is proposed to insert "(without regard to the requirement of payment of the lessor's taxes by the lessee)."

Mr. FREAR. Mr. President, this amendment is designed to clarify the application of section 514 of the bill which provides that railroad lessor corporations will be permitted to qualify for the regulated public utility credit under the excess-profits tax where they file consolidated returns with their railroad lessee corporations. It appears that the provision as it appears in the bill could be interpreted so as to deny this right in certain areas. The amendment is designed to carry out the original purpose of the finance committee in including this provision in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware (Mr. FREAR) to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 316, line 17, it is proposed to amend section 516.

Mr. O'MAHONEY. Mr. President, may I interrupt the clerk? The amendment offered by the Senator from Delaware was an amendment to section 514. Section 514 as amended has not yet been acted upon, and I suggest that the question be submitted. I have no objection to it; I am not going to raise any question.

Mr. TAFT. Mr. President, I think the Senator has a wrong idea of what we are doing. It is an amendment to the whole committee amendment. It has now been adopted and we have now before us the question of whether we shall adopt title V.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. TAFT. Unless we vote, as the Senator did, to strike it out, there is no

purpose in dealing with that particular section.

Mr. O'MAHONEY. My only purpose is that I may be protected, because there are some additional amendments which in due course I should like to present. I have no objection to this particular amendment.

Mr. GEORGE. Mr. President, I think we can shorten the debate by saying that the amendment offered by the distinguished Senator from Delaware was a purely clarifying amendment, and I think we might approve section 514 by an affirmative vote.

Mr. O'MAHONEY. That is precisely what I stated.

Mr. TAFT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. We have no jurisdiction to approve the section unless a separation is asked for.

Mr. GEORGE. Mr. President, I think the Senator from Ohio is technically correct, but I thought we might shorten the deliberations by getting rid of this amendment which is purely a clarifying amendment.

Mr. TAFT. If that procedure is followed, we shall have to approve every amendment to title V. It would seem to me that the question is, Shall we adopt title V as a whole?

Mr. GEORGE. I think that is true, and I hope we shall soon do so.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Indiana (Mr. CAPEHART).

The LEGISLATIVE CLERK. On page 316, line 19, it is proposed to amend section 516 as follows:

Section 516 is hereby amended by amending new section 459 (a) as follows:

"(a) By adding the following language at the end of subsection (2) thereof: 'Or, (A) the adjusted basis for determining gain of taxpayer's total facilities (as defined in section 444 (d) on the last day of its base period was 180 percent or more of the adjusted basis for determining gain of its total facilities on the first day of its base period, (B) the taxpayer's principal raw materials during 1950 were metals subject to the stockpiling program of the United States Government, or scrap containing such metals, and (C) the percentage of the taxpayer's aggregate gross income which was from prime contracts with the United States was less than 1 percent for the calendar year 1950.'

"(b) By adding the following language at the end of subsection (4) thereof: 'or, the taxpayer's gross receipts (as determined under paragraph (5) of section 435 (c) for the calendar year 1950 equals or exceeds 160 percent of its gross receipts for the calendar year 1949.'"

Mr. FLANDERS. Mr. President, will the Senator from Indiana tell us the page number of the bill to which the amendment relates?

Mr. CAPEHART. Page 316.

Mr. President, this is a technical amendment, in that it takes care of certain categories of businesses, primarily, the minerals business, which lost money in 1949, and which was in an unusual situation as a result of converting from war production into civilian production. I was hopeful that the chairman of the

committee would take the amendment to conference and study it in conference. The amendment was prepared by the Senate Finance Committee, and I should like to ask the able chairman of the committee if he will take it to conference and see if it is not worth while.

Mr. GEORGE. Mr. President, I have had no opportunity to study the amendment. I have no recollection of its having been presented to the committee. If it was, I do not recall it. Without some study I would not be able to take it to conference, because it would simply add to the burden of work in connection with a long bill. If the Senator will leave the amendment with us, I shall be glad to look at it.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Are we going to be estopped from offering amendments to this section if the entire section is voted upon?

Mr. GEORGE. That would be true, Mr. President, unless unanimous consent were given to accept amendments for the conference which pertained to the particular section. If the Senator's amendment is left with us, we can study it.

Mr. CAPEHART. I withdraw the amendment and will offer it at a later date, after consulting with the chairman of the committee and the staff.

Mr. HENDRICKSON. Mr. President, I have an amendment identified as "9-20-51—F."

Mr. GEORGE. Mr. President, that amendment was presented to the committee. I should like to have the Senator offer it so that the Senate may see what it is. I have no hesitancy in saying that, so far as I am concerned, the amendment presents a meritorious case for consideration. As I recall, it involves a situation where a taxpayer in the base period made contracts for the expansion of his plant to the extent of approximately 190 percent of his investment, or at least involving large expenditures.

Mr. HENDRICKSON. That is correct.

Mr. GEORGE. The improvements were constantly going on until he reached the end of the base period, and, of course, if he could not take into consideration his investment already committed, already in progress during the greater part of the base period, he would be terrifically penalized so far as any excess-profits credit was concerned. I think I recall the amendment, and other members of the committee may recall it. It occurs to me as being a meritorious amendment, and I have no objection to it. But I should like to have the Senator present it and let the Senate pass upon it.

Mr. HENDRICKSON. Would the Senator from Georgia like to have the amendment presented at this time?

Mr. GEORGE. Yes. It relates to excess profits. It is a peculiar case, in that the capacity of the plant was greatly increased. It was done on borrowed money, but the commitment was made

in the base period. The work was commenced and carried on in the base period and was practically completed in that period. If the borrowed money is paid back, the taxpayer loses his base for invested capital. It struck me as being a meritorious situation.

Mr. HENDRICKSON. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New Jersey.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. —. Section 444 (f) (relating to increase in capacity for production or operation) is hereby amended to read as follows:

"(f) Rules for application of section:

"(1) The benefits of this section shall not be allowed unless the taxpayer makes application therefor in accordance with section 447 (e).

"(2) Any increase in the taxpayer's capacity for production or operation consummated during any taxable year ending after the last day of the base period, as a result of the construction of additional facilities begun and continued during the base period, shall be deemed to be an increase in capacity in existence on the last day of the base period."

Mr. HENDRICKSON. Mr. President, as the distinguished gentleman from Georgia has said, this is a meritorious amendment. The able Senator has thoroughly explained it, perhaps with more accuracy than could the junior Senator from New Jersey. I am not going to labor it further.

Mr. GEORGE. Mr. President, I should like to have it understood that I am willing to accept the Senator's amendment and take it to conference. I think we should be free in conference to discuss these questions.

Mr. HENDRICKSON. The junior Senator from New Jersey quite agrees to that suggestion.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from New Jersey is agreed to.

Mr. HENDRICKSON. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks an explanation of the amendment.

The PRESIDING OFFICER. (Mr. FREAR in the chair). Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR HENDRICKSON

I have called up my proposed amendment to H. R. 4473 designed to help smaller business which is now being subjected to an excess-profits tax on normal profits attributable to expanded facilities.

Everyone knows the circumstances under which the present excess-profits tax law has been drafted. The intent of Congress was not to impose an excess-profits tax on the normal earnings of corporations, but only to siphon off increased corporate profits attributable to the Korean war and the large military expenditures of our defense effort. Congress faced the problem of fitting a complicated statute to even more complicated business affairs. Congress was dissatisfied with the relief provisions contained in the World War II excess-profits tax. We felt that relief should be extended in specific sections rather than in a general section like section

722. At the same time we fully realized that experience with the statute would inevitably reveal situations which we had inadvertently failed to cover.

My amendment deals with one of these situations. By and large this situation affects smaller corporations which decided in the early part of the base period—1946-49—to expand their facilities and did not complete their expansion until some time shortly after the end of the base period. As the law now stands, these corporations are deprived of any credit for the normal earnings attributable to the additional facilities. Yet clearly Congress did not, and does not, intend to impose tax upon corporations making a large capital investment in new facilities before the beginning of their first excess profits tax year even though the construction of the new facilities was not completed by the end of the base period. Otherwise we would be punishing progressive expanding small companies and in many cases threatening their very existence. Even the much-criticized section 722 of the former excess profits tax allowed a normal earnings return on this kind of capital investment.

My amendment has particular reference to corporations which took the risk of borrowing large sums of money in the base period in order to obtain capital for expanded peacetime production capacity. An excess profits tax on the normal earnings produced by their expanded capacity simply means that a good many of these corporations will not have left, after taxes, sufficient earnings to repay their loans according to their borrowing contract.

My amendment relates principally to smaller corporations because these corporations are less likely to have other funds or resources with which to keep faith with their creditors.

Existing law, through no fault of Congress which worked on the statute under great pressure, does not take care of the kind of situation I have in mind. Section 444 is inadequate because it makes no provision for those corporations which, because of the extended nature of their expansion, did not complete the new productive capacity before the end of the base period. Section 435 (f) is inadequate because it makes no provision for those companies which invested capital funds in expanded facilities more than 2 years before their first excess profits tax year. This section overlooks the fact that, in many instances, such investments could not be finally converted into production until after the end of the base period.

The harshness of existing law is intensified in the case of corporations which have borrowed heavily to expand their facilities. Under existing law these businesses are not only deprived of any credit for their expanded peacetime facilities; in addition, the credit which they would otherwise have is reduced as they repay the heavy indebtedness incurred in building the new facilities.

The harshness is further intensified by the fact that a new corporation would get relief measured by an industry rate of return. Older corporations in the same basic situation get no relief.

Clearly, with a number of excess-profits-tax amendments in the statute, the situation I have described calls for affirmative relief at this time. The committee has already adopted a meritorious amendment which goes much further than the amendment I am about to offer. I am referring to the amendment dealing with expanded facilities and product changes where commitments were made before the end of the base period and construction began before June 30, 1950.

We cannot afford to endanger the continued existence of progressive, growing businesses at a time when their industrial potential capacity is most urgently needed. As the Senate Finance Committee specifically stated last year, an excess-profits tax should



be "so framed as not to interfere with the normal expansion of the industrial capacity of the Nation." My amendment is designed to prevent any such interference.

Mr. O'MAHONEY. May I inquire whether there are any other amendments to be offered to this section by the members of the committee? Apparently not. That being the case, Mr. President, I offer the following amendment: That section 517 on page 318 entitled "Base Period Catastrophe" be stricken from the bill. My reason for doing this, Mr. President, is to be found in the report of the committee itself. On page 85 item 20 states:

Section 442 of the code provides that, in the case of corporations having abnormalities in one of their three highest base-period years, their industry rate of return for the year of the abnormality, multiplied by their total assets in such year, may be substituted for the earnings in their year of abnormality. In the case of abnormalities in two or all of their three highest years, it provides that the average industry rate of return for the base period, multiplied by their average total assets for the base period, may be substituted for their base-period earnings.

That this section is unnecessary is clear from the next sentence of the committee report:

Although your committee believes that this is satisfactory in the case of most abnormalities, it appears that where a fire or explosion or other similar catastrophe has destroyed an important part of the corporation's productive facilities, the credit computed under section 442 may be inadequate.

There is no judgment by the committee that it is inadequate. The existing law provides for credit in the case of abnormalities. A catastrophe is an abnormality. I can see no reason for the adoption of this committee amendment except that it apparently would apply to a particular case or a particular small group of cases. It was already explained in the case of one amendment that has been adopted that there was a consolidation of newspapers involved. I believe it is altogether unwise in a tax bill of this character to adopt amendments which on their face deal with special cases.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. SCHOEPPEL. I should like to ask the distinguished Senator from Wyoming whether the objection which he raises would in any way affect those who might be entitled to relief as a result of the devastating floods that have happened.

Mr. O'MAHONEY. No; I am sure it would not, because as the committee report says, under the existing law, section 442, there is provision for credit in case of abnormalities, and a flood is an abnormality, and as a matter of fact it is so stated under section 442.

Mr. GEORGE. Mr. President, I am afraid that it might affect the flood situation. I wish to be perfectly frank about the section. It may have been urged by taxpayers who would get no benefit from it. But actually it is not a bad amendment. It is a valid amendment. I think it has merit. All it

means is this, that if the taxpayer suffers a catastrophe in 1 year, then he is not obliged to take the industry experience for that 1 year, but may take his own experience for the prior year, that is, the year before the catastrophe year. I must say that I think it would apply to taxpayers in the flood areas who may be excess profits earners though the flood destroyed the profits. What it means is simply this, that in the year the taxpayer would not be obliged to take the industry experience as his earnings, but he could say, "Well, now, last year I was in business. I had no catastrophe, and I ought to take that experience." That is all it means. It only affects his base, but the base itself, of course, is important in calculating and computing the excess profits taxes.

Mr. SCHOEPPEL. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. SCHOEPPEL. I desire to thank the Senator from Georgia for the explanation, because there could be a most important factor to be taken into consideration in that area.

Mr. GEORGE. I think there could. This amendment was probably urged upon the committee by some who had other experience. It would not accomplish anything for the others who urged it; but it would be a valid amendment as I see it, affecting any taxpayer who suffered from a great catastrophe, a great flood, or anything else. In the cases that were actually submitted which led us to believe it to be meritorious, it appears that they had an experience which would not have been of use to them. But in the case of many of the taxpayers in the flood areas, I think they might be helped by this amendment.

Mr. CONNALLY. Mr. President, I have just hurriedly come into the chamber. I have been in a conference committee downstairs. I understand a motion is pending to strike out section 517.

The PRESIDING OFFICER. That is correct.

Mr. CONNALLY. Mr. President, I submit that in my State we had a terrific catastrophe for which the people in that State were in no wise to blame. A French ship loaded with explosives and munitions came to Texas City, and as it was pulling up to the dock it exploded, resulting in the loss of hundreds of lives and the destruction of factories and plants. The disaster was severe. The explosion resulted in extremely serious disadvantage to the industry and the business of the people of that city and area. As I said, it killed hundreds of people. I am not exaggerating when I make that statement. If that is not a case in which there should be recognition of the desirability and humanity of a provision of this kind, as carried in the bill, to allow the relief that is provided in the section, I do not know what kind of a case could be presented.

Mr. President, next to the great Galveston disaster in Texas comes this tremendous disaster in Texas City. The Galveston-flood disaster would not, of course, be affected by this provision of the bill. In the Galveston flood of 1900,

10,000 of the citizens of my State were drowned. The sea simply moved in and submerged the city. Bodies floated out to sea in great numbers. As I said, next to the Galveston disaster the Texas City disaster is the greatest calamity that has ever struck my State.

Mr. President, I beg the Senate not to deny the advantages of this section to those people. The Texas City disaster is simply one illustration. Other great calamities have occurred; for example, the great floods in Kansas and Missouri which occurred recently. Will any Senator tell me that he would put a man who loses money in a business venture in which he has undertaken to make a profit in the same class with these innocent people who suffered the loss of their property, and many of whom lost their lives? I think not.

Mr. President, I do not want to take the time of the Senate to labor the point. I simply plead with the Senate not to drive the dagger into the very heart of these poor, innocent people who have already suffered the loss of their property, in many cases the loss of their future, in a terrible calamity, a loss which no one can repay them for or restore to them, not even the Finance Committee.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. Does the Senator from Texas wish the Senate to understand that this amendment deals with individuals who lost their property in the great disaster which he has described?

Mr. CONNALLY. It makes no difference to me whether it relates to individuals or property owned by individuals. I know that a number of great plants upon which the people depended for employment and as a means of livelihood were affected. There is no reason on earth why a company, a plant, or a corporation which innocently suffers tragic disaster should be denied the benefits of legislation of this character.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. As I recall the case to which the senior Senator from Texas has so vividly referred, it was one of the great national tragedies. Whole businesses were completely obliterated. It was not a question of lowering the base of a business.

Mr. CONNALLY. Not at all.

Mr. MILLIKIN. It was not a case of dealing with relative profits or losses. Whole businesses were extinguished, were they not?

Mr. CONNALLY. That is correct.

Mr. MILLIKIN. The purpose here is to provide a proper base. Instead of giving the taxpayer an industry average, when it is so situated that it had more than the industry average, we simply say, "We will allow you to use as a base the figure for the year before you had the great disaster." That is my understanding. Am I correct?

Mr. CONNALLY. The Senator from Colorado is eminently correct, as he usually is. He is correct in the view that several great plants were utterly de-

stroyed, absolutely obliterated and covered with wreckage. Yet the stony hearts of some people give forth no response to a situation of that kind.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. There is a great contrast between the disaster to which the Senator has referred and other troubles which people have. There may be a strike in a certain plant, but the plant is still there, and it is ready to resume operations when the strike is over.

Mr. CONNALLY. The Senator is correct.

Mr. MILLIKIN. Such a situation as that is distinguished from a great disaster such as the one to which the Senator refers, which completely wiped out not only the business operations, but everything basic to them. It wiped out all the plant and facilities which could sustain the business.

Mr. CONNALLY. Those conditions occurred without any fault of the people affected. They did not cause the disaster. A ship came in from across the ocean. It moored at Texas City. Suddenly it exploded, and spread fire and all the other terrible things that go with such a calamity. The disaster was accompanied by hardship and ruin. It destroyed plants, and struck down the means of livelihood of the people, as well as the people themselves. I cannot give the exact figures, but it destroyed hundreds of lives. Hundreds of human beings were sacrificed in that disaster.

Mr. SCHOEPEL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SCHOEPEL. I wish to say to the distinguished Senator from Texas that one of the points he is making disturbed the Senator from Kansas in connection with the motion to strike this section, because, as the distinguished chairman of the Committee on Finance has pointed out, this provision has a very direct application to the flood-devastated areas, where hundreds of businesses and thousands of people who had businesses suffered total and complete loss in many instances.

I join with the Senator from Texas in hoping that this provision will not be stricken from the bill, because I am afraid that to do so would deprive hundreds, and probably thousands, of people of a just type of relief.

Mr. CONNALLY. The Senator from Kansas is absolutely correct.

When a great flood comes down a river, who is responsible for it? The people who live along the banks of the river are not responsible for it. They cannot hold forth their hands, as Moses did when he parted the waters of the Red Sea. They cannot hold back the floods which come down the Missouri River or the Mississippi River from the North. If a flood overtakes us and destroys us and our property, who is to blame? The Senate Finance Committee is not to blame. The Senate is not to blame. Somewhere there is an unspeakable power of destruction, ruin, and evil. Such are the forces which bring about these catastrophes, these great holo-

causts. I do not believe it is fair for the Senate to deny the benefits of this section, which is sought to be stricken from the bill.

Mr. O'MAHONEY. Mr. President, I merely desire to remark that section 442 of the act approved January 3, 1951, the present excess profits tax law, which the great Senator from Texas [Mr. CONNALLY] was instrumental in writing into the laws of the United States, contains this provision:

(a) In general: If a taxpayer which commenced business on or before the first day of its base period establishes that, for any taxable year within, or beginning or ending within, its base period:

(1) normal production, output, or operation was interrupted or diminished because of the occurrence, either immediately prior to, or during such taxable year, of events unusual and peculiar in the experience of such taxpayer, or

(2) the business of the taxpayer was depressed because of temporary economic circumstances unusual in the case of such taxpayer,

the taxpayer's average base period net income determined under this section shall be the amount computed under subsection (c) or (d), whichever is applicable.

In other words, the existing law takes care of abnormalities and provides for relief. We are not dealing with the poor and shattered bodies of individuals who were ruined in the unaccountable disaster of which the Senator from Texas speaks. We are dealing only with the excess profits taxpayer who desires to take advantage of that great catastrophe in order to obtain an additional concession in his excess profits taxes.

The PRESIDING OFFICER (Mr. FREAR in the chair). The question is on agreeing to the motion of the Senator from Wyoming [Mr. O'MAHONEY] to strike out section 517.

The motion was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to title V of the bill, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. BRICKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. BRICKER. What is the question on which the Senate is about to vote?

The PRESIDING OFFICER. The question is on agreeing to title V, as amended.

Mr. BRICKER. That is the committee amendment?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended; that is correct.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. A "yea" vote is a vote in favor of title V, as amended; a "nay" vote is a vote in favor of striking it?

The PRESIDING OFFICER. The Senator from Oklahoma is correct.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr.

ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from North Carolina [Mr. SMITH] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness of his immediate family.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from California [Mr. NIXON] are detained on official business.

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

If present and voting, the Senator from Pennsylvania [Mr. DUFF], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Minnesota [Mr. THYE] would each vote "yea."

The result was announced—yeas 70, nays 15, as follows:

#### YEAS—70

Alken	Gillette	McKellar
Bennett	Hayden	McMahon
Brewster	Hendrickson	Millikin
Bricker	Hennings	Monroney
Butler, Md.	Hickenlooper	Moody
Butler, Nebr.	Hoey	Mundt
Byrd	Holland	O'Connor
Cain	Hunt	Robertson
Capehart	Ives	Russell
Carson	Jenner	Saltonstall
Case	Johnson, Colo.	Schoeppel
Clements	Johnson, Tex.	Smathers
Connally	Johnston, S. C.	Smith, Maine
Cordon	Kem	Smith, N. J.
Dirksen	Kerr	Stennis
Dworshak	Knowland	Taft
Eastland	Lodge	Underwood
Eaton	Long	Watkins
Ellender	Malone	Welker
Ferguson	Martin	Wiley
Flanders	Maybank	Williams
Frear	McCarran	Young
Fulbright	McClellan	
George	McFarland	

#### NAYS—15

Benton	Kilgore	Murray
Douglas	Langer	Neely
Green	Lehman	O'Mahoney
Hill	Magnuson	Pastore
Humphrey	Morse	Sparkman

#### NOT VOTING—11

Anderson	Kefauver	Thye
Bridges	McCarthy	Tobey
Chavez	Nixon	Wherry
Duff	Smith, N. C.	

So the committee amendment, as amended, was agreed to.

Mr. O'MAHONEY. Mr. President, I think we can conclude this chapter on the excess-profits tax now if I ask that section 502 of the House version of the bill, beginning on page 332, which was stricken out by the Senate committee, be made the next subject of action.

Under the unanimous-consent agreement, Mr. President, I therefore ask that the previous action on the 19th of September be rescinded, so that I may ask that this amendment offered by the committee be rejected.



The PRESIDING OFFICER. The question is on agreeing to the committee amendment. Those in favor of the position taken by the Senator from Wyoming will vote "no." Those who are in favor of the committee amendment will vote "aye."

Mr. O'MAHONEY. Mr. President, I should like to explain briefly what the House did and what the Senate will do by its action on the committee amendment.

The House, in seeking to increase the revenue of the Government from taxpayers who are subject to the excess-profits tax law, changed the 85-percent base which relates to excess-profits credit, based on income, to 75 percent. In other words, under the House version of the bill the excess-profits tax law falls upon the top 25 percent of the income of the taxpayers who are subject to the excess-profits tax. It falls only upon the upper 25 percent.

Under the present law, the excess-profits tax falls upon only the upper 15 percent.

So the House, in seeking to increase the revenue of the Government, changed that percentage by reducing it 10 percentage points. The House committee has estimated that this provision will increase by \$590,000,000 the revenue of the Government from those who are paying excess-profits taxes.

Mr. KERR. Mr. President, will the Senator from Wyoming yield for a question?

Mr. O'MAHONEY. Yes; I yield.

Mr. KERR. The result might be to get a considerable amount of increased revenue from those who otherwise would not pay excess-profits taxes. Is not that so?

Mr. O'MAHONEY. Certainly. Those who now are in the top 15-percent bracket pay the tax now; and those who are in the upper 25-percent bracket will pay the tax, and so will those who are in the 16-percent, 17-percent, 18-percent, 19-percent, and so forth, brackets, who do not pay now.

Mr. KERR. So the result would be not only to obtain revenue from those who now pay, but to extend the tax to include, and obtain money from, those who now are not included. Is that correct?

Mr. O'MAHONEY. Yes; by reducing the base 10 percentage points, that would be the effect.

Mr. President, the issue is very simple. I do not intend to take more of the time of the Senate.

Therefore, I ask for the yeas and nays on this question.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, I think we should have clearly in mind what the proposal of the distinguished senior Senator from Wyoming means.

Obviously, in order to have a point of reference, in order to find out what is the excess, we have to establish some base period of assumed normality against which to measure. If we had a truly normal period against which to measure, the base should be 100 percent, rather than 85 percent, which it is at the present time.

If we can consider the base period established by the existing excess-profits-tax law as a normal base, then every percentage point that we go beneath that base is confiscation, not taxation.

There are many arguments about whether the present base is a normal one.

In the light of the history subsequent to the end of that base, it might be argued that it is a normal base.

In any event, many of us, when we were confronted with this excess-profits tax, figured that we should not go below 95 percent, because 95 percent was the World War II rate; and there was considerable objection to that, for the same reason, namely, that every point that we go below the period which we pick as the normal period, is a point of confiscation.

However, be it wise or be it unwise, we reduced the base to 85 percent. Many of us have thought that was going too low.

The proposal now before us is to reduce the base to 75 percent. Again I invite attention to the effect; in other words, we shall not have a true excess-profits tax unless we have an honest base. When we depreciate the base by 25 percent, we do not have an honest basis of reference, we are confiscating normal income and capital rather than taxing excess profits.

Mr. LONG. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. I yield.

Mr. LONG. I take it that the point the Senator from Colorado has in mind is that by reducing the base below 100 percent of normal earnings for a corporation, the result is actually to tax the corporation's normal earnings as if they were excess profits. Is that correct?

Mr. MILLIKIN. The Senator from Louisiana is entirely correct.

Mr. LONG. The value of money was actually depreciated since the original excess-profits tax was imposed; so 100 percent of earnings in terms of purchasing power would be worth today, let us say, only 90 percent of its purchasing power at the time when the base was enacted. So the base has been reduced already by the decrease in purchasing power. Is that correct?

Mr. MILLIKIN. There has been a reduction in the base and there has been an increase in the amount of money in circulation.

Mr. GEORGE. Mr. President—

Mr. MILLIKIN. I yield.

Mr. GEORGE. I should like to call attention to the fact that the House provision the committee voted to strike out does not affect the corporations which have a heavy invested capital base. It affects only the small ones which have to depend on their average earnings.

In Canada, when they had an excess-profits tax, because of the inflation they allowed 120 percent of the base, in order not to tax the normal earnings.

Mr. MILLIKIN. Mr. President, the distinguished Senator from Georgia is correct, and what he has stated gives us a perfect illustration of how many fair minds would operate if we wish to do

complete justice, insofar as a fair base is concerned.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. Certainly, I yield.

Mr. TAFT. Is it not also true that for the World War II tax, the base was 100 percent?

Mr. MILLIKIN. My memory is that it was 95 percent.

Mr. TAFT. Perhaps it was 95 percent; in any event, it was much higher than the present 85 percent base.

Mr. MILLIKIN. I have already stated to the distinguished senior Senator that the World War II base was 95 percent.

Mr. DOUGLAS. Mr. President, will the very able Senator from Colorado be willing to yield for a question.

Mr. MILLIKIN. Certainly.

Mr. DOUGLAS. Is it not true that the 95-percent ratio adopted in World War II was because the earning records of corporations with which they were dealing were preeminently for the period of the thirties, when earnings were low, when there was a subnormal period, and therefore, when the percentages taken out normally would have to be high? But we are now dealing with a record of earnings in periods of rising prices and great profit ratios, and is it not therefore possible for us to apply a much more reasonable percentage figure to the forties than it was to apply it to the thirties?

Mr. MILLIKIN. My answer is that it is not proper to reduce the 100-percent base under any circumstances, if it is regarded as a normal base under the circumstances.

Mr. DOUGLAS. But the point is—

Mr. MILLIKIN. I understand the Senator's point.

Mr. DOUGLAS. In the thirties, the earnings were low, and in the forties, presumably, abnormally high.

Mr. MILLIKIN. The base period for World War II relative to national income at that time, relative to national income now and relative to the state of business at that time, and relative to everything else to be considered, reflected the same theory we have now. The base period then reflected all our own preparations for war and reflected all of the foreign spending in this country for munitions of war. There was a great stimulation prior to World War I, just as it may be argued that we had a stimulation prior to Korea.

Mr. GEORGE. Mr. President, if the distinguished Senator will permit me, I should like to make a statement about the World War II tax.

Mr. MILLIKIN. I yield.

Mr. GEORGE. Actually what happened was this: The then Secretary of the Treasury wanted to take straight invested capital as the only base. Congress rebelled, the American people rebelled, and then they placed a penalty upon the use of the average earnings. So that what we now have, when we cut the average down to 25 percent of what was being earned before, is but a prolongation of the disposition to destroy every bit of the benefit the average earning corporation gets from its base; and the average earning base is the only base

upon which corporation which rely upon character, initiative, and upon their own resources largely have to depend in the face of an excess-profits tax.

Mr. MILLIKIN. I thank the distinguished Senator for giving us the benefit of that piece of history, about which I did not know. We had much time taken this morning in criticism of the pages of this bill which are intended to offer relief in special circumstances. The main reason for our having to offer relief in special circumstances comes out of base-period trouble. If we have a 100-percent base period, we would have a great deal less trouble than if we had a 95-percent base period; or an 85-percent base period, as we have now. We will have a great deal less trouble with an 85-percent base than with the proposed 75-percent base. A distorted base in the law requires special-relief provisions unless we want to have a section 722 procedure, such as we had in World War II. The reason we do not have a section 722 procedure is because I think everyone was thoroughly disgusted with it. We still have section 722 cases pending. The officials in charge of administering section 722 were fearful of taking those actions which the merits of the cases required. Sometimes sizeable relief would be necessary in order to do justice. But in any event the number of claims was so great, the complexities of the different situations were so great, the temerity of the officials dealing with them was so great, and the indecisions were so great that we still have some of those cases pending 5 years after the war. A business outfit which is to live and progress must know what its situation is—yes, from day to day, not after 5 years. So I repeat, everytime we distort this base, everytime we run it down from 100 percent, we are accentuating the very thing which was complained of here this morning, namely, writing relief provisions into the excess-profits-tax law.

We ought to have a little bit of consistency along the line. To sum up, I simply want to say that I think 85 percent is an abnormally low base. It can in many instances be a confiscatory base, and 75 percent would surely bring us more securely into the area of confiscation. As we get into these higher taxes—normal taxes, surtaxes, and excess-profits taxes—we have an accompanying need of expanded justice, if you please, Mr. President, because these taxes merely aggravate the errors of that which we do with the best of intentions. If we want the confidence of the people, if we want to progress in this period of peril, we must assure the taxpayer as best we can that we are going to treat him justly; and when we start out on our taking of his money by loading the machine 25 percent against him, we are running a racket, not imposing a tax and the Kefauver committee ought to get on it.

The PRESIDING OFFICER. The question is on the committee amendment as it appears under title VI, on page 332, which strikes section 502, excess profits credit based on income. A

"yea" vote supports the committee, a "nay" vote supports the views of the senior Senator from Wyoming. On this question the yeas and nays have been ordered.

Mr. O'MAHONEY. Mr. President, I desire briefly to call attention again to the fact that corporate profits before taxes have risen to new peaks. In 1946, they were \$23,500,000,000; in 1947, \$30,500,000,000; in 1948, \$33,800,000,000; in 1949, \$28,300,000,000; in 1950, \$41,400,000,000; in the first quarter of 1951, the rate was \$51,800,000,000, and in the second quarter of 1951, the rate was \$48,500,000,000.

Undistributed profits have risen. Dividends have risen. We are, it seems to me, confronting the problem against the background of world events, which was described by President Warren G. Harding in his inaugural address on March 4, 1921.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. Let me read this, and then I shall yield. I heard this inaugural address by President Harding. He was taking office as President of the United States, following World War I. He wanted to lead the world to peace by disarmament, and he negotiated the disarmament treaty; but in this inaugural address he said:

I can vision the ideal republic, where every man and woman is called under the flag, for assignment to duty, for whatever service, military or civil, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not 1 penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all above the normal shall flow into the defense chest of the Nation.

Mr. President, upon that note I hope that the Senate may vote to reject the committee amendment.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Colorado.

Mr. MILLIKIN. I think this is the first time in history, or in the lifetime of the distinguished senior Senator from Wyoming, that he has twice exhumed Harding in 3 days.

Mr. LONG. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Louisiana.

Mr. LONG. Are the figures which the Senator has been stating the amounts before taxes, or after taxes?

Mr. O'MAHONEY. Before taxes.

Mr. KERR. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield to the Senator from Oklahoma.

Mr. KERR. I think the statements which the Senator from Wyoming has just made are arguments against the motion he has made or against the position he has taken, rather than giving facts which would substantiate it. As he has just advised the Senate, the corporate profits in 1946, before taxes, were \$23,500,000,000; in 1947 they were \$30,500,000,000; in 1948 they were \$33,800,000,000; in 1949 they were \$28,300,000,000; in 1950 they rose to \$41,400,000,000.

000,000; in 1949 they were \$28,300,000,000; in 1950 they rose to \$41,400,000,000.

The base for the excess-profits tax, except in a few rare instances, is the period including the years 1946, 1947, 1948, and 1949. Under the present law, in computing the base period, the taxpayer is given only 85 percent of his earnings in 3 of those 4 years.

From the statement which the Senator from Wyoming has just made, it is evident that there is nearly a 50-percent increase in corporate profits in 1950 as compared with 1949. If we take the three best years of the four, it will be found that there was nearly a 45 to 50 percent increase in 1950 as compared with the base period. Under the law as it is now written, all that increase in 1950 over the other years is taxed, and, in addition to that, 15 percent of what was earned in the base years is subject to the excess-profits tax.

I believe in an excess-profits tax, and we have one, but I do not believe in carrying out a program of doubling the normal tax under the name of an excess-profits tax. That is what we would be doing if we reduced the base further from the 85 percent to 75 percent, because with the 85-percent base we go back to those 4 years and tax 15 percent of the profits as excess profits.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield for a question.

Mr. DOUGLAS. Is the Senator from Oklahoma in favor of a decrease of the tax?

Mr. KERR. I do not favor it, but on the basis of an equitable excess-profits tax, it should be decreased.

Mr. DOUGLAS. May we count on the Senator from Oklahoma when we move an increase in the corporation tax itself?

Mr. KERR. We shall meet those issues when they come.

Mr. DOUGLAS. But the Senator is now making an argument to refute the proposal of the Senator from Wyoming [Mr. O'MAHONEY] to increase the excess profits tax.

Mr. KERR. The Senator from Oklahoma did not yield for a speech, he yielded for a question, and will be glad to yield for another one, but the Senator from Oklahoma is opposed to taxing as excess-profits income which under any equitable definition or arrangement cannot be other than normal income. Under the law as now written, we already take at least 15 percent of the normal income and subject it to an excess-profits tax. What the Senator from Wyoming would do would be to increase the present inequity by 66⅔ percent. I would hope that that would not be agreed to.

SEVERAL SENATORS. Vote! Vote!

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. A "yea" vote supports the committee and a "nay" vote supports the position of the Senator from Wyoming. Is that correct?

The PRESIDING OFFICER. That is correct.



The question is on agreeing to the committee amendment striking out section 502 on page 332.

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. McCARRAN], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce that on this vote the Senator from North Carolina [Mr. SMITH] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea" and the Senator from West Virginia would vote "nay."

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness of his immediate family.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from California [Mr. NIXON] are detained on official business.

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

If present and voting, the Senator from Pennsylvania [Mr. DUFF], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Minnesota [Mr. THYE] would each vote "yea."

The result was announced—yeas 62, nays 20, as follows:

#### YEAS—62

Alken	Flanders	McKellar
Bennett	Frear	Millikin
Benton	George	Monroney
Brewster	Hendrickson	Mundt
Bricker	Hennings	O'Connor
Butler, Md.	Hickenlooper	Pastore
Butler, Nebr.	Hoey	Robertson
Byrd	Holland	Saltonstall
Cain	Ives	Schoeppel
Capehart	Jenner	Smathers
Carlson	Johnson, Colo.	Smith, Maine
Case	Johnston, S. C.	Smith, N. J.
Clements	Kem	Stennis
Connally	Kerr	Taft
Cordon	Knowland	Underwood
Dirksen	Lodge	Watkins
Dworshak	Long	Welker
Eastland	Malone	Wiley
Ecton	Martin	Williams
Ellender	Maybank	Young
Ferguson	McClellan	

#### NAYS—20

Douglas	Johnson, Tex.	Moody
Fulbright	Kilgore	Morse
Green	Langer	Murray
Hayden	Lehman	O'Mahoney
Hill	Magnuson	Russell
Humphrey	McFarland	Sparkman
Hunt	McMahon	

#### NOT VOTING—14

Anderson	Kefauver	Smith, N. C.
Bridges	McCarran	Thye
Chavez	McCarthy	Tobey
Duff	Neely	Wherry
Gillette	Nixon	

So the committee amendment on page 332, line 10, was agreed to.

Mr. LEHMAN. Mr. President—

The PRESIDING OFFICER. The Senator from New York.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. GEORGE. Very well, Mr. President. I wish to enter a motion then to reconsider the vote by which the amendment was agreed to.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. LEHMAN. The Senator from New York will yield for that purpose with the understanding that he does not lose his place on the floor.

The PRESIDING OFFICER. Without objection, the Senator from New York yields for that purpose.

Mr. GEORGE. Mr. President, I move that the Senate reconsider the vote by which the committee amendment was agreed to.

Mr. JOHNSON of Colorado. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado [Mr. JOHNSON] to lay on the table the motion of the Senator from Georgia [Mr. GEORGE].

The motion to lay on the table was agreed to.

Mr. LEHMAN. Mr. President, I ask the distinguished majority leader how long he wishes to hold the Senate in session.

Mr. McFARLAND. Is the Senator going to offer an amendment?

Mr. LEHMAN. Yes, I intended to.

Mr. McFARLAND. Will the Senator offer his amendment and then we will see; maybe we can obtain a limitation of debate on that one amendment.

Mr. LEHMAN. Mr. President, I send to the desk my amendment designated 9-22-51-1. There are a few typographical errors in the amendment as printed. The amendment I send to the desk is a corrected version. I wish also to say at this time that the name of the junior Senator from Michigan [Mr. MOODY], which was omitted from the list of sponsors of the amendment, appears on the corrected amendment which I send to the desk. His name is included as a cosponsor. I ask that official note be taken of this change.

Mr. President, since the amendment is a fairly long one I am willing to waive its reading.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point without reading.

The amendment offered by Mr. LEHMAN (for himself, Mr. MORSE, Mr. HUMPHREY, Mr. DOUGLAS, Mr. BENTON, Mr. KEFAUVER, Mr. MURRAY, Mr. GREEN, Mr. LANGER, Mr. NEELY, Mr. KILGORE, Mr. MAGNUSON, and Mr. MOODY) is as follows:

#### CHANGE OF EFFECTIVE DATE FOR CORPORATE TAX INCREASES TO JANUARY 1, 1951

On page 36, beginning with line 12, strike out all through line 24, and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954:

In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, a tax of 27 percent of the normal-tax net income.

"(2) Taxable years beginning after December 31, 1953: In the case of taxable years beginning after December 31, 1953, a tax of 25 percent of the normal-tax net income."

On page 37, beginning with line 22 strike out all through line 24; and on page 38, beginning with line 1, strike out all through line 13 and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954: In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, a surtax of 25 percent of the amount of the corporation surtax net income in excess of \$25,000.

"(2) Taxable years beginning after December 31, 1953: In the case of taxable years beginning after December 31, 1953, a surtax of 22 percent of the amount of the corporation surtax net income in excess of \$25,000."

On page 38, in line 22, strike out the word "April" and insert in lieu thereof "January."

On page 39, beginning with line 3, strike out all through line 15; in line 16 delete "(C)" and insert in lieu thereof "(B)"; and in line 17 delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 43, beginning with line 11, strike out all through line 24, and revise line 25 to read as follows:

"(A) Taxable years beginning after December."

On page 44, in line 1, delete "1951" and insert in lieu thereof "1950," and in lines 2 and 3 delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 44, in line 13 delete "(C)" and insert in lieu thereof "(B)."

On page 45, beginning with line 4, strike out all through line 20, and amend lines 21 and 22 to read as follows:

"(A) Taxable years beginning after December 31, 1950, and before January 1, 1954."

On page 46, in line 9, delete "(C)" and insert in lieu thereof "(B)."

On page 47, beginning with line 3, strike out all through line 9 and insert in lieu thereof the following:

"(3) In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, there."

On page 47, beginning with line 17, strike out all through line 23 and insert in lieu thereof the following:

"(4) In the case of taxable years beginning after December 31, 1950, and."

On page 48, beginning with line 13, strike out all through line 19 and insert in lieu thereof the following: "period at the end thereof the following: 'except that in the case of taxable years beginning after December 31, 1950, and'."

On page 50, beginning with line 22, strike out all through line 25.

On page 51, beginning with line 1, strike out all through line 8 and insert in lieu thereof the following:

"(A) Taxable years beginning after December 31, 1950, and before January 1, 1954. In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, 62 per."

On page 51, in line 14, delete "(C)" and insert in lieu thereof "(B)."

On page 52, beginning with line 1, strike out all through line 9 and insert in lieu thereof the following:

"In the case of a public utility, (A) for a taxable year beginning after December 31, 1950, and before January 1, 1954, an amount equal to."

On page 52, in line 14, delete "(C)" and insert in lieu thereof "(B)."

On page 53, beginning with line 1, strike out all through line 16 and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954: In the case of a taxable year beginning after December 31, 1950, and before January 1, 1954, an amount equal to 27 percent of its normal-tax net income computed without regard to the credit provided in this subsection.

"(2) Taxable years beginning after December 31, 1953: In the case of a taxable year beginning after December 31, 1953, an amount equal to 30 percent of its normal-tax net income computed without regard to the credit provided in this subsection."

On page 59, in lines 20 and 24, delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 61, beginning with line 5, strike out all through line 19 and insert in lieu thereof the following:

"The amendment made by this part shall be applicable only with respect to taxable years beginning after December 31, 1950. For treatment of taxable years beginning in 1950, and ending in 1951, see section 131."

On page 65, in line 19, strike out "April 1, 1951" and insert in lieu thereof "January 1 1951"; and in line 21 strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 66, in line 4, strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950"; and in line 17, strike out "April 1, 1951" and insert in lieu thereof "January 1, 1951."

On page 66, beginning with line 20, strike out all through line 25 and insert in lieu thereof the following:

"(g) Taxable years of corporations beginning after June 30, 1950, and before January 1, 1951, and ending in 1951: In the case of a taxable year of a corporation beginning after June 30, 1950, and before January 1, 1951 and ending after December 31, 1950, the"

On page 67 in line 6, strike out "April 1, 1951" and insert in lieu thereof "January 1, 1951", and in lines 12 and 13 strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 70, in lines 23 and 25, strike out the word "April" and insert in lieu thereof "January."

On page 71, beginning with line 7, strike out all through line 13 and insert in lieu thereof the following:

"(2) Taxable years ending after December 31, 1950.—In the case of a taxable year beginning before January 1, 1951, and ending after December 31, 1950, the tax imposed by subsection (a)."

On page 71 in lines 20 and 24, delete the word "April" and insert in lieu thereof the word "January."

On page 72, in line 1, delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

Mr. McFARLAND. Mr. President, may I ask the Senator if this is the amendment which places the effective date of corporation taxes back from April 1 to January 1?

Mr. LEHMAN. Yes; it is.

Mr. McFARLAND. Mr. President, may I ask the Senator if he would be willing to agree to a limitation of debate on this amendment?

Mr. LEHMAN. I would be willing to agree to a limitation of the debate on this amendment with the understanding that each side shall have 1 hour. It is quite possible that we will not require that length of time, but I should like to reserve 1 hour for each side.

Mr. McFARLAND. Mr. President, under those circumstances, we could not finish with this amendment until after 8 o'clock tonight. Does the Senator

want to speak on it tonight, or would he be willing to have it go over until tomorrow?

Mr. LEHMAN. I am perfectly willing to postpone my remarks until tomorrow, with the understanding that I will be recognized as soon after the beginning of the session as practicable.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the debate on this amendment be limited to 1 hour to a side, to be controlled by the Senator from New York [Mr. LEHMAN] and the Senator from Georgia [Mr. GEORGE]; that the limitation of debate on any amendment that may be offered to the amendment be limited to 30 minutes, to be controlled by the proponent of the amendment and the Senator from Georgia, if he is not in favor of it; if he is, then the distinguished minority leader or any Senator whom he may designate shall have control of the time; and that all amendments to the amendment must be germane.

Mr. SALTONSTALL. Mr. President, reserving the right to object, and I do not think I shall object, may I ask the majority leader when it is the intention to open the session tomorrow?

Mr. McFARLAND. At 10 o'clock in the morning.

Mr. SALTONSTALL. So that under this plan we would be free to resume debate on other phases of the bill at a quarter past or half past 12, or about that time?

Mr. McFARLAND. That is correct.

Mr. SALTONSTALL. Mr. President, reserving the right to object, I would say there is one Senator on our side of the aisle, the junior Senator from Nevada [Mr. MALONE], who would like to have an opportunity to make a speech tomorrow, but as I understand, I do not think he would object to the unanimous-consent agreement because there would be the whole afternoon free. For that reason, I shall not object.

The PRESIDING OFFICER. Is there objection?

Mr. HUMPHREY. Mr. President, I wonder if the majority leader would not include in his unanimous-consent request the fact that the junior Senator from New York shall control the time if the Senator from Georgia is in favor of any amendments that may be offered to his amendment.

Mr. McFARLAND. It is satisfactory to the majority leader to have the agreement provide that in the case the Senator from Georgia favors an amendment to the amendment, then the time will be controlled by the Senator from New York in the event he is opposed to the amendment to the amendment. If not, then the time will be controlled by the minority leader.

Mr. HUMPHREY. That is satisfactory.

Mr. LEHMAN. The Senator from New York understands that discussion of any amendment to his amendment which may be offered will be limited in time to 30 minutes to each side.

Mr. McFARLAND. No; 30 minutes would be allotted to an amendment to the amendment; 15 minutes to each side.

Mr. LEHMAN. Fifteen minutes to each side. That is satisfactory.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Arizona? The Chair hears none, and the agreement is entered into.

The unanimous-consent agreement, as reduced to writing, is as follows:

Ordered, That debate on the amendment of Mr. LEHMAN (for himself and others) No. 1, September 22, 1951, relating to the change of the effective date for corporate tax increases to January 1, 1951, proposed to the bill (H. R. 4473) to provide revenue, and for other purposes, be limited to not exceeding 2 hours, to be equally divided and controlled by Mr. LEHMAN and Mr. GEORGE, respectively, and that debate on any amendment or motion (including appeals) proposed thereto shall be limited to not exceeding 30 minutes, to be equally divided and controlled by the proposer of any such amendment or motion and Mr. GEORGE: *Provided*, That in the event Mr. GEORGE is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the acting minority leader or someone designated by him: *Provided further*, That no amendment or motion that is not germane to the amendment of Mr. LEHMAN shall be received.

#### EXECUTIVE SESSION

Mr. McFARLAND. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. FREAR in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

One hundred and twenty-nine postmasters.

By Mr. RUSSELL, from the Committee on Armed Services:

Herbert R. Askins, of Arizona, to be Assistant Secretary of the Navy.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

#### DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of A. Devitt Vanech to be Deputy Attorney General.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### RENEGOTIATION BOARD

The Chief Clerk read the nomination of Lawrence E. Hartwig to be a member of the Renegotiation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John Hubbard Joss to be a member of the Renegotiation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.



The Chief Clerk read the nomination of John Theodore Koehler to be a member of the Renegotiation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Frank L. Roberts to be a member of the Renegotiation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. McFARLAND subsequently said: Mr. President, the Senator from North Dakota [Mr. LANGER] asks to have the nominations to the Renegotiation Board go over for a day. He was talking to me at the time the nominations were stated.

The PRESIDING OFFICER. Without objection, the vote by which the four nominations to the Renegotiation Board were confirmed will be reconsidered, and the nominations will be returned to the calendar.

#### JUDICIAL NOMINATIONS IN HAWAII

Mr. SALTONSTALL. Mr. President, with reference to the very important judicial appointments in Hawaii, I have had no report of objections from this side of the aisle. I should like to ask the majority leader if he knows of any objection from any member of the Judiciary Committee to the Hawaiian appointments.

Mr. McFARLAND. I know of no objection to any of them.

Mr. SALTONSTALL. Then I have no objection.

#### SUPREME COURT, TERRITORY OF HAWAII

The Chief Clerk read the nomination of Hon. Edward A. Towse to be Chief Justice of the Supreme Court of the Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ingram M. Stainback to be Associate Justice of the Supreme Court of the Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### CIRCUIT COURTS, TERRITORY OF HAWAII

The Chief Clerk read the nomination of William Burbridge Brown to be a circuit judge of the second circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES ATTORNEY

The Chief Clerk read the nomination of Charles Patterson Green to be United States attorney for the eastern district of North Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES MARSHALS

The Chief Clerk read the nomination of Walter E. Huntley to be United States marshal, division No. 3, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Leo H. Brooker to be United States marshal for the southern district of Florida.

The PRESIDING OFFICER. Without objection, the nomination is confirmed, and, without objection, the President will be immediately notified of all nominations confirmed this day.

#### THE REVENUE ACT OF 1951

In legislative session, the Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. McFARLAND. Mr. President, I wish there were more Senators present to hear the announcement I am about to make. Senators on both sides have informed me that they do not expect to consume an hour on each side in connection with the pending amendment. I hope Senators can be present in the morning so that we can proceed to a vote without undue delay.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Slader, its assistant reading clerk, announced that the House had passed, without amendment, the bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans.

#### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1349) to establish a Department of Food Services in the public schools of the District of Columbia, and for other purposes, and it was signed by the President pro tempore.

#### RECESS

Mr. McFARLAND. I move that the Senate stand in recess until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 12 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, September 26, 1951, at 10 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate September 25 (legislative day of September 19), 1951:

##### IN THE ARMY

The following-named persons for appointment in the Regular Army of the United States in the grades and corps specified under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.); title II of the act of August 5, 1947 (Public Law 365, 80th Cong.); Public Law 759, Eightieth Congress; Public Law 36, Eightieth Congress; and Public Law 625, Eightieth Congress; subject to physical qualification:

##### To be majors

Alfred O. Heldobler, MC, O419472.  
Ted Johnson, MC, O309651.  
Hyman Turner, MC, O336682.

##### To be captains

James A. Austin, MC, O976256.  
William J. Brensinger, MC, O1726954.

Philip C. Canney, MC, O991174.  
William A. Meriwether, MC.  
Daniel Stowens, MC, O478511.

##### To be first lieutenants

Kenneth W. Beesting, JAGC, O2018277.  
William H. Bigelow, DC, O1921547.  
Richard R. Cahnovsky, DC, O975819.  
Charles C. Eaves, MC, O2207487.  
Murray E. Finn, MC, O2209659.  
Willard G. Fischer, DC, O980949.  
Morris Goldschlager, JAGC, O460165.  
Stanley C. Kolodny, DC, O1919648.  
John M. McGuire, MC, O976689.  
Donald A. Norris, Jr., DC, O966541.  
Bernard A. Ramundo, JAGC, O557455.  
Veryl D. Schwartz, MC, O1921418.  
Howard A. Shane, DC, O761475.  
Norman R. Stoddard, DC, O980586.  
Joseph P. Summa, DC, O1705968.  
Charles C. Trommer, DC, O573610.  
Charles W. Vandas, DC, O992400.  
Robert D. Youmans, DC, O2063745.

##### To be second lieutenants

Nancy A. Johnson, WAC, L1020590.  
Alfred D. Kleeszy, MSC, O1873170.  
Patricia J. McQuaide, ANC, N770169.  
Alice E. Sasse, ANC, N804380.

The following-named persons for appointment in the Regular Army of the United States in the grades specified, under the provisions of section 509 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to physical qualification:

##### To be first lieutenants

Neal J. Ahern, O1318304.  
George E. Armstrong, O1290526.  
Ernest W. Ellis, Jr., O1167825.  
Gilbert J. Grout, O1032588.  
Clifford D. Rhodes, O501414.  
William E. Weber, O1330993.  
Oliver I. West, O101395.  
Harold W. Wymer, O1317721.

##### To be second lieutenants

Floyd H. Abrams, Jr., O2003492.  
Homer Ambrose, Jr., O1873145.  
John F. Arnaud, Jr., O1914625.  
Harry P. Aubright III, O2211690.  
Garratt A. Austin, O2003037.  
Frank S. Badger.  
William E. Baum, O1914583.  
William A. Beyer, O1340976.  
James O. Burri, O2021467.  
Leon J. Calhoun, O957817.  
Archie E. Carpenter, O2211252.  
Robert L. Carstens, O532751.  
Rudolph D. Cassens, O2103792.  
Walter B. Clark, Jr.  
Charles E. Conner, Jr., O2002968.  
Ollie D. Conner, Jr., O2204170.  
Edwin K. Crowley, Jr., O961201.  
Edmund R. Danzig.  
Jay A. Davidson, O1861908.  
Bernard H. Des Roches.  
Charles C. Early, O2208513.  
Walter W. Fade, O1013295.  
John A. Farnsworth, O1304884.  
James B. Forster, O2211364.  
Jack N. Foshee, O2204027.  
Louis C. Fry, O2206205.  
Robert P. Gary, O1874221.  
Dorsey B. Greene, Jr., O2003538.  
Lindsey W. Hale, O2204099.  
James N. Hanson, O1325003.  
William B. Harvey, Jr.  
Clyde T. Hathaway, O1049504.  
Worten M. Hathaway.  
George W. Hayden, O2201751.  
Ward M. Haynes, O2102253.  
Jamie R. Hendrix, O2003544.  
Gustav Henningburg, O2202846.  
Robert A. Hyerle, O2211358.  
Leonard B. Jankowski, O2004260.  
Pendleton A. Jordan III, O1873364.  
Donald P. Kelly, Jr., O2104060.  
George W. Keyes, O554077.  
Bohuslav Z. Kostka, O1339883.  
Gaylord A. Lansrud, O956594.  
Robert B. Mercer.

Langdon L. Morton, Jr., O958405.  
 Fain M. Rankin, Jr., O1915366.  
 Richard N. Raunswinder, O1872620.  
 John R. Rhodes, Jr., O2003001.  
 Paul R. Ross, Jr., O2103937.  
 Dan E. Schilling, O1915374.  
 John M. Shea, O2201824.  
 Paul J. Slight, O2103877.  
 Franklin E. Staples, O560366.  
 William H. Talbot, Jr., O2206723.  
 Joseph W. Tatasciore, O960256.  
 Robert W. Thams, O1338877.  
 Paul A. Thompson, O2208540.  
 Rolf W. Utegaard, O1862077.  
 Bruce E. Wallace, O947977.  
 Andreul J. Wetherington, O2004026.  
 Thomas B. Wynegar, O2003735.  
 Walter J. Zarnowski, O2203022.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to designation as distinguished military graduates, and subject to physical qualification:

Kenneth G. Cassels, O2003050.  
 William H. Dinkins.  
 John L. Evans.  
 Myron R. Feldman, O1862119.  
 Jack R. Fleming, O1872737.  
 Joseph B. J. Holden.  
 Everett E. Hooper.  
 Haldor T. Jonsson, Jr.  
 Frank M. Simpson, Jr.  
 Alex Stewart, Jr., O2003904.

#### IN THE AIR FORCE

The following-named person for appointment in the United States Air Force in the grade of colonel, with date of rank to be determined by the Secretary of the Air Force under the provisions of Private Law 222, Eighty-second Congress:

Bernt Balchen, AO426630.

The following-named persons for appointment in the United States Air Force in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and title II, Public Law 365, Eightieth Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947):

#### To be captains, USAF (medical)

John H. George, AO463125.  
 Dalton L. Kinsella, Jr., AO2213534.  
 Gordon Saver, AO2212251.  
 Robert E. Shirley, AO1906683.

#### To be first lieutenants, USAF (medical)

William G. Sanford, AO1907138.  
 Harwood N. Sturtevant, AO972875.  
 Arthur J. Thiele, Jr., AO972601.

The following-named distinguished aviation cadets for appointment in the United States Air Force in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

#### To be second lieutenants

James L. Anderson Glenn B. Shaffer  
 Eugene Bartolich Gordon S. Walls  
 Irving L. Burrows, Jr. Charles F. Watson, Jr.

Subject to physical qualification and subject to designation as distinguished military graduates, the following-named distinguished military students of the senior division, Reserve Officers' Training Corps, for appointment in the United States Air Force, in the grade of second lieutenant, with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

Alwyn C. Buckland, AO2216185.  
 William E. Buffington.

Stephen G. Dardaganian, AO2230644.  
 Luis A. Davila Aponte.  
 Ralph L. Kitchens.  
 Gene W. LaFitte.  
 William S. Paul.  
 Billy J. Welch, AO1856225.

#### IN THE NAVY

The following-named officers of the Supply Corps of the Navy for permanent appointment as ensign in the line of the Navy:

Eugene H. Pillsbury  
 Spencer A. Barrow

The following-named line officers of the Navy for permanent appointment as ensign in the Civil Engineer Corps of the Navy:

Gordon A. Anderson Robert H. Nelson  
 John F. Dobson Calvin C. Norman  
 Charles M. Howe Claude E. Swecker, Jr.

The following-named officer of the Navy for permanent promotion to the grade of lieutenant (junior grade) in the Civil Engineer Corps of the Navy in lieu of the line as previously nominated and confirmed:

Gordon A. Anderson

#### CONFIRMATIONS

Executive nominations confirmed by the Senate September 25 (legislative day of September 19), 1951:

#### DEPARTMENT OF JUSTICE

A. Devitt Vanech, of Connecticut, to be Deputy Attorney General.

#### HAWAII

##### SUPREME COURT, TERRITORY OF HAWAII

Hon. Edward A. Towse, of Hawaii, to be chief justice of the Supreme Court of the Territory of Hawaii.

Ingram M. Stainback, of Hawaii, to be associate justice of the Supreme Court of the Territory of Hawaii.

##### CIRCUIT COURTS, TERRITORY OF HAWAII

William Burbridge Brown, of Hawaii, to be circuit judge of the Second Circuit, Circuit Courts, Territory of Hawaii.

#### UNITED STATES ATTORNEY

Charles Patterson Green to be United States attorney for the eastern district of North Carolina.

#### UNITED STATES MARSHALS

Walter E. Huntley to be United States marshal for division No. 3, district of Alaska.  
 Leo H. Brooker to be United States marshal for the southern district of Florida.

## HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 25, 1951

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou eternal God, our Father, in whom alone we can find help for each new day and hope for every unknown tomorrow, we rejoice that Thou art always willing to guide the erring, to heal the afflicted, to comfort the sorrowing, to strengthen the weak, and to forgive the sinful.

We pray that in these tragic and troublous days we may be more conscious of the moral and spiritual laws which Thou hast ordained, obedience to which will emancipate us from all fear and foreboding and fill our minds with peace.

We penitently confess that we are continually trying to exploit Thee and to use Thee for our own selfish ends in-

stead of seeking to be used by Thee in the fulfillment of Thy wise and holy plans and purposes.

Grant that we may embody the spirit of our blessed Lord, that spirit of trust, of compassion, of kindness, and of love which never sought its own but the glory of God and the welfare of all mankind.

Hear us in His name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### READJUSTMENT OF POSTAL RATES

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1046) to readjust postal rates, with House amendment thereto, insist on the House amendment and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MURRAY of Tennessee, RHODES, BURNSIDE, REES of Kansas, and CORBETT.

#### ADJUSTMENT OF SALARIES OF OFFICERS AND EMPLOYEES OF FIELD SERVICE OF THE POST OFFICE DEPARTMENT

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 355) to adjust the salaries of postmasters, supervisors, and employees in the field service of the Post Office Department, with House amendment thereto, insist on the House amendment and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, MORRISON, DAVIS of Georgia, REES of Kansas, and HAGEN.

#### COMPENSATION OF EMPLOYEES OF FEDERAL GOVERNMENT

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 622) to increase the basic rates of compensation of certain officers and employees of the Federal Government, and for other purposes, with House amendment thereto, insist on the House amendment and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, DAVIS of Georgia, WHITAKER, REES of Kansas, and Mrs. ST. GEORGE.

#### EXPORT-IMPORT BANK OF WASHINGTON

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 434, Rept. No. 1029), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself



into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the rule just filed may be considered sometime today.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. HALLECK. Mr. Speaker, reserving the right to object, and I shall not object, as I understand it this rule inadvertently was not filed yesterday. By agreeing to the unanimous-consent request we make it possible to proceed with the consideration of this measure today.

Mr. SABATH. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

OLE BJORN KRAFT, MINISTER FOR FOREIGN AFFAIRS OF THE GOVERNMENT OF DENMARK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker at any time during the day to declare a recess for the purpose of the Members of the House receiving and meeting a distinguished visitor to our country, His Excellency Ole Bjorn Kraft, Minister for Foreign Affairs of the Government of Denmark.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE LATE JOHN JOSEPH McGRATH

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, it is with regret that I announce to the House the death of my predecessor in office, the Honorable John Joseph McGrath, a Democratic Member of the House from the Eighth District of California from 1933 to 1939. During his entire term he served in this House as a member of the Committee on Naval Affairs.

Mr. McGrath was born in Limerick, Ireland, on July 23, 1872. He died on August 24, 1951, at Mills Hospital, San Mateo, Calif. He was educated in the national schools and Christian Brothers College, Cork, Ireland. He came to the United States as a child and lived prac-

tically his entire adult life in San Mateo County.

He was employed for a number of years as a wholesale sales manager. He served as postmaster at San Mateo from 1916 to 1925. He was president of the San Mateo-Burlingame-Hillsborough Chamber of Commerce for four terms. From 1939 until his retirement he was commissioner of immigration and naturalization at San Francisco.

Mr. McGrath is survived by his widow, the former Mary Agnes Kelley; his son, Dr. John J. McGrath, of Napa, Calif.; and his two daughters, Mrs. Richard Ojeda, of Glendale, Calif., and Mrs. William Partlow, of Fresno, Calif.

I know that my colleagues who served with Mr. McGrath while he was in office join me in extending our deepest sympathy to his family.

Mr. Speaker, I ask unanimous consent that all Members who desire to do so may be permitted to extend their remarks at this point in the Record in connection with the life and services of Mr. McGrath.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Speaker, I am sure that all of the Representatives in the House who served with Judge McGrath in the Seventy-third, Seventy-fourth, and Seventy-fifth Congresses remember him with real affection, because he was a truly lovable man. When I first came to Congress in 1937, Judge McGrath occupied an office across the hall from the one which was assigned to me in the Old House Office Building. As a new Member I was deeply appreciative of his friendliness and the many helpful suggestions which he made to me during my novitiate in the House.

Before I came to Congress I had known him and had numerous official contacts with him in the civic and governmental affairs of the peninsula of San Francisco. After his retirement from Congress in 1939 it was a great pleasure to me to be able to endorse him for appointment as commissioner of immigration and naturalization at San Francisco. He served with distinction in that office until it went out of existence in 1940.

When Judge McGrath first came to Congress he brought with him as his secretary, Capt. Victor Hunt Harding, who is now well known to all of us as Deputy Sergeant of Arms of the House.

The passing of Judge McGrath has removed from the life of northern California a bright and free spirit whose memory will have an affectionate place in the hearts of all those who knew him. His service to the State and Nation was always honorable and constructive, and those of us who were privileged to be his friends have had the measure of our happiness in life increased by the experience of having known him.

To his widow, Mrs. Mary Agnes Kelley McGrath; his son, Dr. John J. McGrath, of Napa, Calif.; his daughters, Mrs. Richard Ojeda, of Glendale; and Mrs.

William Partlow, of Fresno; and to his three grandchildren, I extend my sincere sympathy.

DE GASPERI'S VISIT POINTS UP NEED TO HELP ITALY

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, we were all impressed yesterday with the appearance of the Premier of Italy, Alcide de Gasperi. I do, indeed, hope that he will not go back to Italy empty-handed. If he does so, because of the impending elections there he will have mincemeat made of himself by the Communists.

He told us that 10 percent of the active or adult population of Italy were out of employment. You know and I know that more jobs are needed, that idle hands make empty bellies, and empty bellies make for communism.

Italy has been deprived of her empire, the Dodecanese Islands, Trieste, and other lands to which Italians might emigrate. Italy cannot support and control 46,000,000 souls. She is bursting at her seams with reference to surplus population. Ways and means must be found whereby she can have opportunities for her people to emigrate to various lands. I hope that our State Department will take the initiative to help Italy in that regard.

Further, the peace treaty with Italy must be modified. We cannot make fish of one and fowl of another. We have offered soft terms to Japan. We must do the same thing to Italy, particularly since Italy is a member of the North Atlantic Treaty Organization. Onerous provisions in those treaties must indeed be modified to make her a successful and cooperative member of that North Atlantic Treaty team.

PASCAL NEMOTO YUTAKA

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 617) for the relief of Pascal Nemoto Yutaka.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. RANKIN. Reserving the right to object, Mr. Speaker, it seems to me it is about time we put a stop to flooding the country with foreigners in this way. I do not know about this individual case, but I will ask the gentleman from Ohio to explain it.

Mr. FEIGHAN. This particular bill is a private bill introduced by Senator KNOWLAND admitting to this country a 3-year-old infant, half Japanese and half American, who was adopted by a lieutenant and his wife in Japan.

Mr. RANKIN. Our immigration laws should not be set aside in this way. By this going beyond the quota limit and bringing in these people, this country is being literally flooded with un-American elements, a vast number of whom are today undermining and trying to

wreck this Government and to destroy the American way of life.

Mr. FEIGHAN. He was adopted. He is a 3-year-old infant, half American and half Japanese.

Mr. RANKIN. They always have some kind of an excuse for going around the immigration law and bringing these people in here.

Mr. Speaker, I am going to object for the time being, until I have an opportunity to look into the case.

#### ELECTION TO COMMITTEE

Mr. DOUGHTON. Mr. Speaker, I offer a resolution (H. Res. 435) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That FRANK IKARD, of Texas, be, and he is hereby, elected a member of the standing committee of the House of Representatives on Merchant Marine and Fisheries.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### COMBAT PAY FOR INFANTRY SOLDIERS

Mr. BENNETT of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BENNETT of Florida. Mr. Speaker, we have just passed legislation raising the pay of Federal employees, including postal employees. I voted for that legislation, because I thought it was good legislation. For quite a time now, we have had before us a very much more overdue piece of legislation which deals with combat pay for infantry soldiers. We have long had this legislation before Congress, and yet no action has been taken upon it. I, Mr. POTTER, Mr. TEAGUE, Mr. VINSON, and perhaps other Members of Congress, have introduced legislation along that line. I think that recognition of the tremendous sacrifices of the ground troops is long overdue. Members of the Armed Forces who are assigned to other duty which is considered hazardous receive extra pay ranging from \$30 to \$210 per month. Yet, statistics show that ground troops are engaged in the most hazardous duty of all. In World War II, the Infantry, which made up only one-fourth of the Army, including the air corps, suffered 70 percent of all Army casualties. As of September 19, 1951, a total of 83,257 casualties had been suffered by United States Armed Forces in the Korean war, of which 81,517 were in the Army and Marine Corps.

As to recognition in the form of awards and decorations, army combat divisions awarded 2.5 decorations per man killed in World War II while the Marine Corps awarded 2.7. The ratio of awards to men killed was higher in the rest of the services, ranging up to 40.9 awards per man killed.

With the approach of another bitter Korean winter, we are keenly conscious of the many hardships to which combat ground troops are subjected. Day after

day, these men must fight in all kinds of weather conditions. They are customarily deprived of baths, warm meals, sleep in beds and the normal comforts of life.

This is not to detract in any way from the fine work done by the other branches of the service. We all appreciate what they have done and are doing. The purpose is rather to accord ground troops the recognition they deserve without in any way detracting from the fine service rendered by the other branches of the service.

The bill which I have introduced provides in part, as follows:

*Be it enacted, etc.*, That (a) each enlisted man and officer of the Armed Forces below the grade of major who is assigned to a rifle battalion and entitled to receive basic pay shall, in addition to such basic pay, be entitled to receive special combat pay at the rate of \$50 for each calendar month during any part of which such battalion actually receives hostile small-arms ground fire while engaged with the enemy, provided that he is physically present at the time of such hostile small-arms ground fire and is within range thereof. Such special combat pay shall be included in the computation of any death gratuity or benefit payable as the result of the death of such enlisted man or officer while entitled thereto.

(b) No person shall be eligible to receive the special combat pay provided by this section if he is authorized to receive any incentive or special pay pursuant to section 203, 204, or 205 of the Career Compensation Act of 1949.

I sincerely hope that Congress will soon be allowed to pass upon the merits of this legislation, or some similar bill, to show consideration for America's great infantry soldiers and to recognize their heroic sacrifice for our country.

#### LEADERS OF RURAL ELECTRIFICATION PROGRAM WHO HAVE GIVEN THEIR LIVES TO GOVERNMENT SERVICE

Mr. POAGE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Speaker, in the early morning hours of June 13, 1951, six of the outstanding leaders of the rural electrification program were hurled to their death on a mountain top in Colorado. These leaders were: George Haggard, of Texas, Deputy Administrator of the Rural Electrification Administration; Arthur W. Gerth, of Missouri, Chief of the Applications and Loans Division; I. Thomas McKillop, of New York, Chief of the Management Division; Stewart McCabe, of Iowa, Robert Beeghly, of Florida, and Thomas L. Evans, of New Mexico, all three of the Rural Telephones Division.

Many of the Members of this House were acquainted with one or more of these gentlemen. All of the Members of this House were acquainted with the work of this group. I considered George Haggard and Art Gerth as two of my best friends. I considered all of these men as real servants of the people.

They died as they lived—on the mountain top of service. They died as they

had always worked, in the early morning of a new day of progress. Their loss was a severe blow to the twin programs of rural electrification and rural telephone development.

Their dear ones and their friends will always be proud of them. Their countrymen will always remain indebted to them. May God bless them.

#### GEORGE WINDSOR, KING OF ENGLAND

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include an editorial regarding the role of George Windsor.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I believe the people of the United States, and all liberty-loving people, sympathize deeply with England, with the Queen, and with his daughters, Princess Elizabeth and Princess Margaret, because of the very serious illness of King George. King George represents all that is true in English character. He is a kind and great gentleman. He has a fine family. The world can ill afford to lose people like him. I hope he will gain steadily in strength.

Mr. Speaker, there are two references to very fine men in Massachusetts in this editorial, one is with reference to Senator LEVERETT SALTONSTALL, and the other concerning Secretary Maurice Tobin. Men like them, and like the King, are an inspiration as to character and goodness. The King is respected, admired, and is dearly beloved by the English people, and I know Members of Congress sympathize with the people of England in their anxiety for their Monarch and wish for the King a speedy recovery.

The editorial from the Boston Herald of September 24, is as follows:

#### ROLE OF GEORGE WINDSOR

There is sincere anxiety in Great Britain over King George, something we do not well understand over here. It is partly that he is loved for himself as the head of a family that reflects in a golden mirror the ideal British family. But it is also because in a completely unfathomable way he is the personality of the nation.

This is one George Windsor, better known as His Most Excellent Majesty George the Sixth, by the Grace of God of Great Britain, Ireland, and of the British Dominions Beyond the Seas, King, Defender of the Faith, Sovereign of the British Orders of Knighthood, etc., etc. He lies desperately ill, his frame as mortal as if he were merely some George Windsor of Coventry Road, Battersea, S., or wherever.

"What does a King do, daddy?" many an American child may be asking today. And daddy may be a little hard put to it to explain. Yet even an American republican (small "r") may in a thoughtful moment sometime wonder if the British really haven't got something in their institution of a monarch.

Let us suppose for a mystical moment that we had a King in this country. He would be a man of exemplary family life, who would represent for us the kind of domestic solidity we commonly credit to the family of Maurice



Tobin. He would, of course, have the qualities of courtesy and gentility that distinguish Bernard Baruch, if not perhaps Mr. Baruch's brilliance. We would hope he might have the same homely attractiveness as LEVERETT SALTONSTALL. He would be the living counterpart of what we conceive to be the better genius of America.

He would stand above the raging storms of political dissension, the one distinguished figure in the country neither Democratic nor Republican, North or South, industry or labor, isolationist or internationalist, the single great and continuing emblem of our essential unity.

There is, however, no way to demonstrate that a King would serve us well, for Kings reach into the spiritual side of a people's existence, and these are immeasurable matters. But we should be able to see a little more clearly what a king does, and why Britain's King is so precious to Britain.

This has been the role of George Windsor. He has been a national symbol of permanence beyond the reach of contingency. The handing of the seals of office by the King to his ministers, the right to summon party leaders in time of governmental changes and political crises, the opening of a Parliamentary session, the signing of new laws (which he must sign without choice), the ancient panoply and heraldry rich in timelessness—all these things have been and will continue to be the form of British royal existence. But the substance is more subtle; it is an enduring essence of British life in all its manifestations, political, cultural, and private.

That is why it is more than George Windsor who lies ill at Buckingham Palace.

#### I WENT FISHING AND FOUND STEEL

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, late Saturday afternoon I went fishing. I went up along the old canal that runs west out of the city, up to the point where the power canal starts off down the point and the river goes over the rocks—I know you are wondering what I caught—I did not catch anything but I will tell you what I found. Up on a bank there are some 20 or more long steel beams—maybe I overestimate the number—they are at least a foot this way up and down, and in good condition. They are probably 20 feet long. Do you know that brought home to me the request I had last week from three schools in my district for just a little steel, one to put up schoolhouses, two for steel to complete school buildings. I do not know which department of the Government owns all this steel down along the river, but there it is and I wish some of you folks on the majority side could fix it so that we could get that steel to use in our schoolhouses and, by the way, river men tell me there is plenty more along the river bank farther up. I wonder how many tons are lying around just rusting because some executive department has forgotten it has it?

#### TIME'S VICIOUS ATTACK ON CONGRESS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

#### RECESS

The SPEAKER. Under authority previously granted the Chair declares the House in recess subject to the call of the Chair, that we may receive a distinguished visitor, His Excellency Ole Bjorn Kraft, Minister for Foreign Affairs of the Government of Denmark.

Accordingly (at 12 o'clock and 25 minutes p. m.) the House stood in recess subject to the call of the Chair.

#### RECEPTION OF HIS EXCELLENCY OLE BJORN KRAFT, MINISTER FOR FOREIGN AFFAIRS OF THE GOVERNMENT OF DENMARK

The SPEAKER. The Chair appoints as a Committee of Escort, the gentleman from Massachusetts, Mr. McCORMACK, and the gentleman from Indiana, Mr. HALLECK.

His Excellency Ole Bjorn Kraft, the Minister for Foreign Affairs of the Government of Denmark, was escorted into the Chamber by Mr. McCORMACK and Mr. HALLECK.

His Excellency the Minister for Foreign Affairs of the Government of Denmark stood in the well of the House and was presented to the Members individually by Mr. McCORMACK.

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock and 38 minutes p. m.

#### EXPORT-IMPORT BANK OF WASHINGTON

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 434 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2006) to increase the lending authority of the Export-Import Bank of Washington and to extend the period within which the bank may make loans. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LYLE. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, this resolution makes in order the consideration of the bill S.

2006. This is a bill extending the borrowing and lending authority of the Export-Import Bank from \$3,500,000,000 to \$4,500,000,000 and extending the life of the bank for 5 years.

The bill comes to the floor with the unanimous approval of the Committee on Banking and Currency and the unanimous approval of the Committee on Rules.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 12 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Speaker, for some years Congress has been operating on the theory that, if it just funnels out enough American dollars to the four corners of the world, everything is going to come out all right.

Having unsuccessfully bucked that delusion since my first experience with it in UNRRA back in 1944, I am not unaware of the difficulty of persuading Congress to call a halt now.

Still, I am constrained to sound the alarm as vigorously as I can, for Senate bill 2006, making a billion-dollar increase in the spending authority of the Export-Import Bank, is another nail in the coffin of our free-enterprise system. The fact that organized opposition has disappeared is perhaps a sobering commentary on the state of affairs in Congress.

At the outset I cannot refrain from pointing out how this governmental credit apparatus fits into the global plans of the Communists.

Some Members talk a lot about socialism here, but when one of these domestic schemes is in the pattern of socialism, they say nothing about it.

Earl Browder, in his 1950 booklet titled "Keynes, Foster, and Marx," declares, on page 43:

There is nothing more necessary in the postwar development of foreign trade than precisely the intervention of the Government as organizer, director, and financier of the whole process.

The Export-Import Bank fits perfectly into the Browder pattern for state control of foreign trade.

This fact may be piously explained away, but it cannot be honestly explained away. The Export-Import Bank is a Government-owned bank. It operates with Government money. It is attuned to Government policy in making its loans; otherwise it would cease to exist. None can deny these simple statements of fact. This bank operates in the pattern of Marxism and socialism.

The Export-Import Bank has no source of funds except what it takes from the people by force—through taxation—or obtains by creating more debt. I wonder how many voters would approve of socialistic global lending with their savings if they had a chance to vote on it?

Of course, Export-Import Bank lending expands the money supply and is a source of inflation. Likewise, the subsequent spending of loan funds will generally be used to enlarge the demand for American products under priority or in short supply. This means that American taxpayers are forced to finance foreigners who frequently will get their

orders filled ahead of the Americans. So the operation of this bank is one of the inflationary pressures.

#### CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 181]

Aandahl	Hall,	Murphy
Abbitt	Leonard W.	Murray, Wis.
Adair	Hand	O'Toole
Allen, La.	Harden	Patterson
Baker	Harvey	Philbin
Barrett	Hays, Ark.	Pickett
Beall	Hébert	Potter
Beamer	Heffernan	Powell
Bentsen	Hillings	Rabaut
Boggs, La.	Hollfield	Radwan
Boykin	Howell	Redden
Bray	Ikard	Reed, N. Y.
Breen	Irving	Regan
Brownson	Jackson, Calif.	Ribicoff
Buckley	James	Rivers
Burton	Javits	Rooney
Busbey	Jones,	Sadlak
Byrne, N. Y.	Hamilton C.	Scott, Hardie
Byrnes, Wis.	Kean	Shelley
Case	Kelley Pa.	Sheppard
Celler	Kelly, N. Y.	Sittler
Chatham	Kennedy	Stanley
Chudoff	Keogh	Stockman
Clemente	Kersten, Wis.	Taylor
Cole, Kans.	King	Thomas
Crumpacker	Klein	Thornberry
Delaney	Kluczynski	Vail
Dingell	Latham	Vinson
Dollinger	Lucas	Walter
Donohue	McDonough	Watts
Donovan	McGrath	Weichel
Doyle	Machrowicz	Werdell
Durham	Magee	Wharton
Fine	Meader	Whitaker
Fogarty	Miller, Calif.	Willis
Fulton	Miller, Md.	Wilson, Ind.
Garmatz	Morano	Wood, Ga.
Gore	Morrison	Yates
Gwinn	Morton	

The SPEAKER pro tempore. (Mr. LARCADE). On this roll call 316 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### EXPORT-IMPORT BANK OF WASHINGTON

Mr. BUFFETT. Mr. Speaker, I am aware that on paper the bank has made a good operating record. I have no comment to make on the operating record of this bank. But in reality that is not important. The record has been achieved while it has been coasting down the one-way street of inflation. Through various channels governmental hand-outs have gone forward to supply funds to these other countries to pay back interest or principal on these loans.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. MILLER of Nebraska. The gentleman is making a very fine speech. I am wondering if he knows how many agencies of Government under the New Deal regime have engaged in lending or giving away the people's money to foreign countries, and how much has been given away in the last year?

Mr. BUFFETT. As I recall several years ago the number of agencies that were giving away the American taxpayers' dollars and loaning American taxpayers' dollars abroad numbered 48 separate agencies. I cannot give the number today, but if there is some Member of the majority side or my side that is for this bill that can supply that information I should like to yield to him right now to give us the total number of governmental agencies that are currently loaning American money abroad or giving away American money abroad by grants and other methods.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. HOFFMAN of Michigan. I note that the distinguished chairman of the committee is here. Perhaps he can tell us how many of these agencies there are, because I am sure he has made a careful study of it. Perhaps a direct inquiry to him might get that information for us.

Mr. BUFFETT. I wonder if the gentleman from Kentucky [Mr. SPENCE] can help us out on this. Can the gentleman tell me the number of Federal agencies that are loaning or granting American funds abroad?

Mr. SPENCE. I do not know of any of them except the Export-Import Bank and the Economic Cooperation Administration.

Mr. BUFFETT. There is the Mutual Defense Organization and of course there is the International Bank.

Mr. SPENCE. The World Bank may be doing it, but that is not an entirely American organization.

Mr. BUFFETT. The gentleman thinks there are only those three or four? I hope he is right.

Mr. HOFFMAN of Michigan. In the last week three school districts in the Fourth Congressional District of Michigan have made applications for steel to go ahead with the construction of schoolhouses. In two instances they are partly constructed and the other one they are just starting. Would some of this money which would be given this bank be used by other governments to purchase steel?

Mr. BUFFETT. Undoubtedly those Governments can use some of it to purchase steel. They probably will. You will probably get this answer, that some of this money is going to create steel facilities somewhere else, so we will have more steel than we had before. Probably we will get it from these sources when steel is a drug on the market. But that answer is not a sound one, and I will show you why.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Mississippi.

Mr. RANKIN. The courthouse at Macon, Miss., one of the county seats in the district which I have the honor to represent, was burned a short time ago. They have their records scattered all over town, wherever they could find small rooms to put them in. Now they are notified that they cannot get the necessary steel at the present time to proceed

to rebuild the courthouse, the most important building in the county. I am wondering if this Export-Import Bank is, as the gentleman from Michigan said, to provide a channel for the shipping of this steel to foreign countries, instead of permitting our own people to use it for necessary purposes.

Mr. BUFFETT. As I said, I am confident a part of this money will be used for steel export. The explanation will be given that it is going to help create facilities elsewhere so we will get steel back.

The test of the operations of the Export-Import Bank or any bank is not its earnings or condition at the top of the boom. The most reckless speculator looks the smartest of all at the top of a boom.

So I suggest that in the case of this bank the important thing about the bank will be its condition at the other end of the cycle. That will be the real test.

For the purpose of this discussion, I am glad to assume that the bank is expertly operated from a financial standpoint, and that all its personnel are the ablest of men, completely competent and free from any taint of political motives or pressure.

You will get the explanation that the bank has made some defense loans. Such loans constitute as of this date less than 3 percent of the bank's operations, so that item is really inconsequential as a justification for this inflationary expansion of socialistic credit. I come to the decisive objections to this bank that are unchanged by any factors relating to its operation. I hope you will listen to these three points. This bank can make three types of loans:

First. A loan that is commercially sound. A loan that any bank in America which operates overseas would put on its books. To the extent that the Export-Import Bank is doing this, the Government is eliminating private enterprise in this operation. A government which professes faith in capitalism cannot honestly carry on such a practice.

Second. Unsound loans. This bank can deliberately make loans that are obviously unsound. In this case, the Government is using taxpayers' funds for speculative purposes. I can conceive of no legitimate defense for such activity. When it makes loans of this class, the door is open wide to graft and corruption, besides the cheating of the taxpayers. If the latest disclosures concerning the Reconstruction Finance Corporation have not given us an object lesson on that, I do not know what is needed.

Now, I come to point No. 3.

The SPEAKER. The time of the gentleman has expired.

Mr. ELLSWORTH. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. BUFFETT. Mr. Speaker, I come to the third class of loans. This bank can make political loans, that is, loans for which there is no claim of commercial soundness. Instead they are



made to promote administration political or economic objectives in foreign nations. In this case, the Export-Import Bank would operate either as an instrument of economic warfare against other powers or as a vehicle for interference in the internal affairs of other nations. Such activity is historically recorded as one of the prime causes of international ill will and war.

I do not ask you to take my word for this, but listen to the committee report on the Bretton Woods agreement, which this House passed in 1945. Here is what the report of the committee said on this point:

Foreign loans may be arranged on a political rather than an economic basis. Such a policy would be most unfortunate for it could only mean a resumption of the use of power of politics in international economic relations.

Power politics is what this bank carries on when it makes political loans.

The Export-Import Bank does exactly what we pledged in the Bretton Woods agreement not to do. Is integrity a lost virtue?

Mr. Speaker, the increase of this spending marks another milestone down the hill toward collectivism and national bankruptcy. While the Congress is in the grip of this fiscal insanity—and while the American people are hopelessly confused on this subject by governmental propaganda and the inertia of my own party, this economic blood-letting will not be stopped.

Mr. CURTIS of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. CURTIS of Nebraska. The gentleman made reference to the investigation of the Reconstruction Finance Corporation. I believe he will find that the Congressional Reorganization Act imposed upon the various committees of this House, the duty and responsibility of investigating these agencies for which they legislate. Has your committee made any investigation comparable to what is going on with reference to the Reconstruction Finance Corporation or the Import-Export Bank?

Mr. BUFFETT. Not to my knowledge.

Mr. CURTIS of Nebraska. Is one contemplated?

Mr. BUFFETT. Not to my knowledge or information.

Mr. Speaker, you can sum this whole business up in this sentence. The Export-Import Bank is a global version of the Reconstruction Finance Corporation.

If you are for the Reconstruction Finance Corporation, and if you are for the things that are being done in the domestic field by the RFC—if you think that it is sound, if you think that is the kind of practice the Government should be in, then logically perhaps you can vote for another billion dollars for loan purposes for the Export-Import Bank.

But if you believe as I do, that Government lending is socialistic and inflationary and that loans made abroad should be made either through the World Bank or through our private banking

systems, then I urge you to oppose this measure.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. RANKIN. Is the gentleman a member of the Committee on Banking and Currency?

Mr. BUFFETT. I am, yes, sir.

Mr. RANKIN. I wonder if the gentleman can tell me whether or not this money which is being used to subsidize Time magazine to carry on these vicious attacks on Congress, and ship the magazine to foreign countries, is coming through this channel and, if not, what channel that subsidy is coming through?

Mr. BUFFETT. I cannot give the gentleman that information. However, I am hopeful it is not coming through this channel.

The fact that this money-lending and foreign-hand-out mania has almost reached the unanimity of a mob scene does not lessen the responsibility to oppose it.

Hence, I am constrained to protest again this mad policy, to sound again the warning and point out the perils of this course.

The fact that such warnings in the past have fallen on deaf ears in no way alters my duty to again sound the alarm.

Congress is aiding the administration in destroying the fiscal solvency on which freedom ultimately depends.

Such financial irresponsibility will ultimately exact a fearful price from the America I love.

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, in last evening's Star on the financial page, there was a very interesting article to the effect that all the banks in the Fifth Federal Reserve district had cooperated very diligently in their efforts to restrict inflationary credit to help protect the savings of the people of this country. Mr. Hulbert L. Bisselle, senior vice president of the Riggs National Bank here in Washington had been in charge of the program for this area. That voluntary restrained issuing of credit to people has operated all over the United States by most of the banks, members of the Federal Reserve System as well as many of the State banks. That was the authority which the Congress gave the President in the 1950 Defense Act, the Price Control Act, and it has spread across the country through most all the banks through the operation of the Federal Reserve Board to which the President delegated his power and the credit clearinghouses of the Nation, of which the members consist of the banks of this country. Personally, I think they have done a pretty good job considering the limitations of the whole voluntary program.

As the gentleman from Nebraska has so well pointed out—and I agree with most of his observations and therefore am opposed to the bill, and if there is a roll call I will go on record voting against it—this bill is inflationary; make no mistake about it. On page 5 of the committee report the President included in

his budget message to Congress on January 15, 1951, a strong endorsement of the purposes of this action and repeated that endorsement in his message to the Congress on May 24, 1951, on the mutual security program, in these words—now these are the words of the President:

Loans by the Export-Import Bank will also continue to play an important role in our effort to assist the economic progress of friendly countries. In order that full use may be made of opportunities for loans and especially to develop strategic materials I recommend that the lending authority of the Export-Import Bank be increased by \$1,000,000,000. Not all of the increased lending authority, of course, will be used in the coming year.

Apparently the bill was reported almost unanimously by the Banking and Currency Committee of the House.

Here is another step in the inflationary progress of this country. I believe with all of the sincerity of my soul that nothing, nothing whatsoever will stop this Congress and future Congresses until we reach the end of the rope. I think the brake linings are burned out on our brakes and we are running this economic vehicle into an absolute economic washout simply because the present Members of this House and the other body will not set those brakes or reline those brakes; and I see no comfort whatsoever for the people of this country in the debt-bombs which past Congresses and this Congress are preparing for our people.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. HOFFMAN of Michigan. I want to say that I have long entertained the convictions to which the gentleman now gives expression. My colleague from Michigan [Mr. BENNETT] just called my attention to a situation which I understand he thinks exists, and it is that of the RFC lending money at 5 percent and the Export-Import Bank lending to other countries for three and a fraction. Is that true?

Mr. CRAWFORD. I think you will find that the Export-Import Bank has lent money at as low as 3½ or less; but, as the gentleman from Nebraska has pointed out, this corporation can make almost any kind of loan it wants to make; there is no fooling about that; they can go out here and make loans to uphold a certain political party in other countries if they want to at the expense of the American taxpayer.

We have had so much fiddling and faddling going on all over the country that nobody in this Government, in my opinion, knows the true story; and I start right at the White House and go all the way down the line. We have lost control of this vehicle; in my opinion there is no question about that. You can drive along the road and read the billboards and see it if you are smart enough to figure it out. The banks of this country are restricting credit to our own people, yet here through the Export-Import Bank we are releasing a billion dollars of it.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. ELLSWORTH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. HOFFMAN of Michigan. Does not this bank make loans to other countries and they use that money in competition with us here in our own markets in America?

Mr. CRAWFORD. This bank extends dollar credit, and those dollars are not worth anything anywhere in the world for the buying of goods except in the United States where the dollar exchange is used. They might hold the dollars up for a while before spending them here, but I think they will spend them as quickly as possible; and there is where the inflationary pressure comes in in this country to work against the best interests of the citizens of this country in their own market places.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the chairman of the committee.

Mr. SPENCE. The bank gives private enterprise every opportunity to make these loans and steps in only where private enterprise, private banking, either does not want to make the loan or refuses to make the loan. They have extended every opportunity and encouragement to private industry. They are not competing with private industry.

Mr. CRAWFORD. The point that I made that brought up the gentleman's question was that through the White House all the banks of the country were encouraged to enter into voluntary agreements exempt from the Sherman antitrust law to restrict inflationary credit, yet we come along here with the Export-Import Bank and put out a billion dollars more of it.

Mr. SPENCE. This bank has the best record of any governmental institution that I know of.

Mr. CRAWFORD. I am not talking about the record of the Bank; I am talking about the record of Congress. I am talking about the record of the Congress that authorizes the Bank to do these things; I am not condemning the Bank in any way whatsoever. We do the job.

Mr. LYLE. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. SUTTON].

Mr. SUTTON. Mr. Speaker, I rise merely to refute the statement of the gentleman from Michigan [Mr. CRAWFORD] and to state that here is one Member of Congress who goes along with this plan, who does not believe that we are killing the American people or injuring the American Government. I still have faith in the American people and in this form of government that we have.

Mr. Speaker, our democracy has proven itself throughout the years. Constructive criticism is always welcome, but when we deal in generalities we all know that we get nowhere.

Every Member of this body recalls the economic condition of this country when

the Democratic Party came into power in 1932. The voters of America have condoned the Democratic Party, with one exception, for the last 20 years, and that was the Eightieth Congress. They were quick to realize their mistake in electing that Eightieth Congress and immediately restored the Democrats in office.

It is true that because of emergencies we have been forced to appropriate huge appropriations and make large expenditures in the interest of democracy. But, on the other hand, we must remember that the over-all national income has been doubled and tripled. Today we have full employment, sixty-odd-million people drawing pay checks, and every business in the country is flourishing.

I fear that my good friend, the gentleman from Michigan is playing politics and smarting under the collar because of the failures of his party in being restored to power. I, for one, am perfectly willing to leave elections to the voters of this country. The voters know when conditions are good and when they are satisfied. It has been my pleasure to serve in this body for two terms, and I state without hesitation that we have men of great ability on both sides of the aisle.

Under no circumstances would I admit that the Members of the Congress of the United States are not able men and are trying to reflect the wishes of those who have honored them by their election as Representatives here. Neither would I accuse them of trying to spend this country into bankruptcy, as I know that every Member of this body is interested in the welfare of this Nation, the future generations, and those yet unborn.

I have great respect for my good friend and colleague from Michigan, but no doubt there are times when he lets his better judgment run away with him. Unquestionably the voters who have honored him as their representative, realize his ability and on numerous occasions I have observed that he has gone along with our program and know that he realizes that our defense program is necessary and hence we appropriate large amounts to take care of our defense programs.

I realize the need for economy in Government and want to help save our taxpayers every possible penny. But not at the cost of our freedom and peace in America.

The Export-Import Bank which is under discussion here today is very necessary because of world conditions. It is true that many agencies of the Government can be abolished when we are again on an even keel. But until some of the world dictators are further subdued, I submit to you, Mr. Speaker, that in my opinion the program that we are pursuing must be continued.

Criticism is always constructive, but when it is all said and done every Member of this body has one motive in mind, and that is to protect the welfare of American. If this protection requires large expenditures, it is my opinion that there is not a taxpayer in this country

that regrets the payment of taxes required for our safety and welfare.

I know that we all agree that now is the time for more cooperation and less internal strife, and I believe that upon reflection my good friend and colleague from Michigan will agree that he was temporarily alarmed and that in the end all will be well.

Mr. LYLE. Mr. Speaker, I have no further requests for time.

Mr. ELLSWORTH. Mr. Speaker, I merely wish to say on behalf of the minority members of the Committee on Rules that this question now before us is on the rule. As far as I know there is no great opposition to adopting the rule providing for the consideration of this bill.

The Export-Import Bank was created originally by Executive order; then it was made an independent agency by act of Congress. It is now up to the Congress to pass upon the grant of further lending power to the bank.

Mr. Speaker, I have no further requests for time.

Mr. LYLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2006, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the philosopher, Francis Bacon, said:

Suspensions among thoughts are like bats among birds; they ever fly by twilight.

It seems that the suspicions which the gentlemen have against this corporation are certain to fly by twilight. Sunlight would demonstrate them to be unfounded. There is no basis in fact on which to predicate the statements that have been made against the Export-Import Bank. It has a record of achievement and of usefulness that is unparalleled by any comparable corporation in America. It was created in 1934 and it has cost the United States Government nothing. It has made a net profit of \$254,000,000. It has had a lending capacity and a borrowing capacity of three and one-half billion dollars. It has asked for an extension of that borrowing capacity of \$1,000,000,000 and also the authority to lend a similar amount.

This bill also extends the life of this corporation from June 30, 1953, to June 30, 1958.



What has this corporation done? I do not think the President had a finer or more constructive idea than his point 4, the development of undeveloped areas of the world. The world is growing smaller every year. The barriers that once separated nations no longer separate them, the oceans and the mountain ranges no longer are barriers against the force of other nations.

We are vitally concerned in the uplifting of the people of all the earth because they are at our doorstep. This corporation has engaged in a business that no private enterprise wants. The big banks here are not equipped to make these international loans. They are not made for political purposes by the Export-Import Bank. They are sound bankable loans, and this is evidenced by the fact that the corporation has made the money it has.

What have they done? They have lent money to other nations and private enterprises to develop their resources. They have lent them money for power plants, for roads and bridges, and they have done a great deal to increase the production of strategic critical materials of the world.

No nation is self-sufficient in the complicated life of today. No nation produces all the materials it needs. We are dependent upon other nations for many things. We are dependent for tin, manganese, tungsten, and partially for iron ore and many other minerals and metals from other nations. This organization has lent money to other nations to develop those resources in order to make them more available to us.

These activities will have the tendency to raise the standard of the lives of the people we have helped and give them new opportunities to work out their destinies. Discontent brings war and hatred.

The criticisms that are made about this organization have no basis in fact. This organization may well be proud of what it has done. It can be proud of the good feeling that has been engendered in nations which have been helped by these loans.

Shakespeare said:

Neither a borrower, nor a lender be;  
For loan oft loses both itself and friend;  
And borrowing dulls the edge of husbandry.

That does not apply to lending money to people who are able to pay it back, for we have lost neither money nor friends. Nothing engenders a better feeling, nothing inspires more confidence and friendship than to lend people money in order that they may develop their resources and make their countries more self-sufficient.

The President had a great idea in his point 4 program. He saw the advantages of the development of the undeveloped areas and in a large sense much of this money goes for that very purpose. We have lent a great deal of it to South America, our neighbor to the south, who produces many of the things we cannot produce, many of the minerals we cannot produce, and they have paid back these loans. When they come again and ask for loans I think what they have done in the past justifies our lending to them again.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Can the gentleman tell the committee how much we have lent to Poland through that bank?

Mr. SPENCE. I have not the facts available. I do not think it has lent any money to any country behind the iron curtain. The fact they have paid these loans will indicate we have lent to people who have an interest in our country and who are trying to develop their own country. I know they have left no money to the satellites of Russia—at least the chairman told me that, I am sure. The character of the loans and the repayment of loans indicate the good judgment that has been used in making these loans.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Iowa.

Mr. GROSS. I believe this bank has loaned some \$75,000,000 to that great paragon of democracy, Peron of Argentina. Is that not correct?

Mr. SPENCE. I think maybe they have loaned some money down there. I am not sure about that.

Where is the argument about the cost to the Government, about the invasion of private enterprise, about the socialistic tendencies of this great organization, when it has put \$254,000,000 of net profit into the Treasury of the United States? It is the agent of the Treasury of the United States.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not true that the losses are less than 1 cent to every \$100 loaned?

Mr. SPENCE. Yes. The losses have been less than one one-hundredth of 1 percent of the amount they have loaned. I should like to find a bank anywhere that has a better record than that, either domestic or international.

Mr. McVEY. Mr. Chairman will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Illinois.

Mr. McVEY. I am very much impressed by the statement that this bank has made a profit of \$254,000,000. That is quite a large sum.

Mr. SPENCE. That is a large sum.

Mr. McVEY. Have we taken into consideration the cost of the salaries, the personnel expenses, and so forth, in connection with the operation of the bank?

Mr. SPENCE. That was net profit, as I understand it. The net profit was \$254,000,000, which was paid into the Treasury.

In the light of these facts, in the light of the accomplishment of this bank, where is the justification for the attack that is made on it?

This bill has been approved by the President of the United States, by the Secretary of State, by the Secretary of the Treasury, by the Secretary of Commerce, by the Secretary of Agriculture, and by the Administrator of the ECA.

I hope this bill will be passed by the majority which the faithful and able administration and the result achieved by the corporation deserve.

Mr. WOLCOTT. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I think the Export-Import Bank of Washington has made a record that all the other lending agencies of the Government could emulate.

The Export-Import Bank was originally set up with a capitalization of \$800,000,000. We increased its capital and borrowings to \$3,500,000,000. This bill is to increase that by another \$1,000,000,000.

The Export-Import Bank gets its original capital of \$1,000,000,000 from the Treasury, and it is authorized to make loans up to 3½ times that, a total of \$3,500,000,000. They may issue their notes, bonds, and debentures for 2½ times the capital, or \$2,500,000,000.

On the capital loan from the Treasury and on their borrowing from the Treasury on notes, bonds, and debentures, they have to pay to the Treasury a rate of interest set by the Secretary of the Treasury. It is a current average rate of interest paid by other borrowers from the Treasury, that is, 2 percent, so they are paying the Treasury of the United States 2 percent on about \$2,300,000,000. There is something over \$600,000,000 of committed funds which have not been actually loaned, making a total of actual loans and commitments of \$3,000,500,000. They have left in authority \$499,500,000.

During the last fiscal year the Export-Import Bank of Washington showed net earnings of \$51,600,000. I say net earnings because we must have in mind that the Export-Import Bank of Washington has paid all of its operating costs, all of its cost of administration, out of earnings. Out of this \$51,600,000 of earnings during the last fiscal year they declared a dividend and paid to their principal stockholder, the Treasury of the United States, \$20,000,000. That was in addition to the 2 percent which it has been paying as interest on its capital and business loans.

In addition to paying 2 percent interest to the Treasury on its capital and borrowings, and in addition to paying to the Treasury \$20,000,000 as a dividend, the Export-Import Bank of Washington has accumulated against possible losses, a total earned surplus of \$234,800,000. At the present time, out of this total of about \$3,000,000,000 which has been loaned and committed, there is a total of about \$226,000 in default. Against that some payments have been made since June 30, when that figure prevailed.

As to the loans in arrears: Out of \$3,000,000,000 of commitments and loans, there is a total in arrears as of June 30, 1951, of \$193,868.48. I do not think that any other bank in the United States, doing a domestic or foreign business, or making loans for the purpose, as is primarily the purpose of the Export-Import Bank of Washington, of moving American goods abroad, can equal that record. Notwithstanding my antipathy to a great many things which

have been done in the field of foreign affairs, I believe in giving credit where credit is due, and I believe that this method of giving foreign relief is a sensible method. It is proven that had we done in the ECA the things which were suggested to be done—and I take some little pride in the fact that I made the recommendation in person to the President of the United States that an organization comparable to the Export-Import Bank of Washington be set up to give aid under the Marshall plan because of the success of the Export-Import Bank in that field.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. GROSS. Of the \$3,000,000,000, does the gentleman have any break down of the amount of money that has been loaned, which American financial interests refused to make?

Mr. WOLCOTT. Yes, I think you can have a reasonable assurance that this bank does not compete with any of the banks, mostly New York and Chicago banks, which are doing an international banking business. They are perfectly willing and content to let this bank operate because they do not consider it is running in competition with them. As a matter of fact, they have participated in some of these loans, and are continuing to participate in some of these loans. Do not forget that inasmuch as these loans are made in American dollars, naturally, there is a movement of American goods in world commerce as a result of loans. So when you build a railroad in South America by loans made by the Export-Import Bank, those loans are made in dollars and the country which is the recipient of the loan or the company in South America which is the recipient of the loan, spends those dollars eventually in America, perhaps by way of Europe or by way of Asia. But, finally, there must be a movement of American goods not to the prejudice, but to the benefit of American labor, American agriculture, American industry and American business generally.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JONAS. I am interested to know, after the gentleman made the statement that the bank is privileged to make loans to countries for the purposes of exploiting undeveloped areas, what security does the bank take to secure its loans and whether the security is in the form of mortgage notes or whatever other collateral it may get?

Mr. WOLCOTT. Yes, the bank takes all the security it can get. If you will read the report you will find in the appendix of the report, many of these loans are underwritten by the central banks of the Government where the loan is made. The credit of the central banks is created in many instances, as it is here, by the country in which the central bank operates. The country in which the central bank operates almost always guarantees the obligations of the central bank so you have the good faith and credit of the country into which the

loan passes as a further security for the loan.

Mr. JONAS. I thank the gentleman.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. May I take it from what the gentleman says that these loans, which are not accepted by American banks, are not refused because the security is not good, but more because of the character of the loans? Is that the reason why our banks locally do not make these loans?

Mr. WOLCOTT. That is it. And I presume another question enters into it. If a loan is made for the purpose of building a railroad in the Republic of Turkey, as has been done, if a New York bank doing an international business were to make the loan, it would be rather difficult for them to get the central bank of Turkey, or the Turkish Government to underwrite that loan and guarantee it. Here they are dealing with the agencies of the Federal Government, a sovereign government; so it is only natural that a foreign government to which a loan is made by an agency of the American Government established for the purpose of maintaining the equilibrium of exchange between those countries, and good will, and the political status in its present relationship would be more than anxious that nothing would happen to that loan that would disturb that good relationship. That influence does not prevail when a private bank in New York or Chicago makes a loan.

Mr. DONDERO. In other words, it is a type of loan that would not lend itself to the ordinary business of the local banks of the country.

Mr. WOLCOTT. That is right.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. GROSS. What actually is the difference between the character and risk in these loans? What is the difference?

Mr. WOLCOTT. Now you are talking about risks. I think that the fact that after 18 years of operation the losses of this bank are one one-hundredth of 1 percent is a complete answer to the gentleman's question.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. RANKIN. This would mean a further inflation of the currency would it not, through the Federal Reserve System?

Mr. WOLCOTT. No.

Mr. RANKIN. I say it will.

Mr. WOLCOTT. And I say the gentleman is mistaken.

Mr. RANKIN. This is an inflation of currency.

Mr. WOLCOTT. I can see where there may be inflation caused by making foreign loans, unsecured foreign loans, but there is no inflation caused by these loans, because it adds to the production of goods sufficient to offset inflationary tendencies.

Mr. RANKIN. In foreign countries?

Mr. WOLCOTT. In foreign countries who buy goods produced in America, which completely offsets it.

Mr. RANKIN. That is exactly where the inflation is coming in, and that is why the Committee on Banking and Currency ought to go into it and bring in a bill to stabilize the currency, before this Federal Reserve System wrecks the country.

Mr. WOLCOTT. I wish that some of the other committees of this Congress were as cognizant of the influence which inflation has upon the very form of the American Government as is the Banking and Currency Committee.

Mr. RANKIN. The Banking and Currency Committee has the right to bring in a bill to stabilize the currency, but they have not done it.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SABATH. I really do not know whether my information is correct, but I am informed that this will help tremendously the cotton growers and those who have large quantities of cotton on hand, because they cannot obtain the money through regular channels and they are obliged to turn to the Export-Import Bank for loans to enable them to carry their stocks of cotton. What is there to that?

Mr. WOLCOTT. I believe the Export-Import Bank has proved its worth as the means of moving a lot of American goods abroad that would not otherwise be sold. I do not know whether Members of this House realize it or not, but do you know what is happening in Western Europe? Do you know that in China we have lost a virgin market that could have been supplied had we had a sound foreign policy in respect to China? Do you know that in Western Europe today Western Europe is producing 150 percent of normal? Do you know that if it were not for such aid as we are giving through the Export-Import Bank to the movement of American goods abroad, and if it were not for our defense program today in America, we would have a condition similar to that which confronted this Congress immediately prior to the Korean war, a depression? The only thing which is keeping this country up today is the movement of American goods abroad into steadily declining markets. That and our defense program now are the sources whereby our economy is maintained at a seemingly high level.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPRINGER. I should like to ask the gentleman a question which relates to the reference made as to good will or the relationship between our country and these loans; the point is, are these loans conditioned on trading with America? Or are they free to choose the market in which they will buy?

Mr. WOLCOTT. Almost all of the loan contracts provide that the money shall be spent in the purchase of American goods; and I might say to the gentleman from Illinois that when this was



set up, we set it up in the Committee on Banking and Currency and I was very fearful that because the Secretary of State was on this board that the Export-Import Bank would be used to further the dollar diplomacy of the United States; so throughout the years we have been very anxious about that, very anxious to determine the influence which the State Department has had on the making of these loans. Our studies indicate that there had been no loans made which had been pressured by the State Department.

I felt that when we set up the National Advisory Council and put the Secretary of State on it, and we set up this Advisory Board of the Export-Import Bank made up of the same personnel, that that was as close as the State Department should get to this picture. But I will have to admit, and I shall admit, that there is no evidence whatsoever that the Export-Import Bank has ever been used in any instance under pressure of the State Department to further our foreign policy.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. GROSS. The gentleman spoke a moment ago of the fine recent experience over the past 18 years. Is it not a fact that the bulk of these loans have been made in very recent years? And is it not further true that back of that recent experience is the interplay of ECA funds in foreign countries to which this money has been loaned, and that there is not any real basis upon which to judge the ability of these countries to repay?

Mr. WOLCOTT. It might be true; I think you could conjecture that; or you could conjecture otherwise, just as you see the picture.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BUFFETT. Will the gentleman tell the committee what category of loan could be made or would be made by the International Bank if this fund were set up?

Mr. WOLCOTT. Yes. The International Bank for Reconstruction and Development can make loans in any currency. The American Director of the International Bank, determines or can veto a loan made in American dollars. Loans made by the International Bank are made as I understand under a practice if not under the law to the central banks of the country to which the loan is made. I think that there are no loans made by the International Bank to private individuals or corporations. There may be some loans made to utilities which are owned and operated by central governments, the risk of which is underwritten by the central government. This bank may make loans directly to industry, railroads, utilities, and so forth for the purpose of producing, or for the purpose of moving American goods abroad. If you will look at appendix (c) of the report and note the beneficiaries of these loans—I will not read them off—you will find that they are agriculture, industry, business. The loans are for the movement of crops, for

the movement of machinery, agricultural machinery and heavy goods; they are for the movement of locomotives, they are for earth-moving equipment and capital goods, and raw materials all the way through, American goods moving abroad as part of less than 10 percent of the production of the United States which moves into foreign trade normally. We export normally only 7 percent of the goods which we produce in America. So perhaps the controlling point is that we should be careful not to shut off any of our sales abroad at this particular time until we have stabilized following the defense effort.

The CHAIRMAN. The time of the gentleman from Michigan has expired. Mr. WOLCOTT. Mr. Chairman, I yield myself one additional minute.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Kansas.

Mr. REES of Kansas. I want to clear up one more thing, and this may be repetition. Do I understand that the private banks or the banks of this country, generally speaking, including the larger banks, are in accord with this legislation?

Mr. WOLCOTT. Yes. Right through the years they have been in favor of the program.

Mr. REES of Kansas. They do not regard it as being in competition with private banking?

Mr. WOLCOTT. We never have had any opposition from the bankers that the Export-Import Bank of Washington has competed with them to the point where any loans were made that would otherwise be made by private industry.

Mr. REES of Kansas. Why are they asking for the extra \$1,000,000,000? Who is asking for that?

Mr. WOLCOTT. They have commitments and loans of \$3,000,000,000 under their authorization of \$3,500,000,000. They have left an authorization of \$499,500,000, which they think, and which the committee thought was getting pretty close to the bottom of the barrel.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. Brown].

Mr. BROWN of Georgia. Mr. Chairman, the Export-Import Bank of Washington was established in February 1934. During its more than 17 years of existence, the bank, which is the foreign lending agency of the United States Government, has established an enviable record. It has actually disbursed under loan agreements approximately \$3,400,000,000 and of this amount approximately \$1,100,000,000 has been repaid. The ratio of recorded losses to funds actually put out by the bank is at the present time less than on one-hundredth of 1 percent. Over the period of its existence the bank has made money. The Government owns all of its authorized and issued capital stock which presently amounts to \$1,000,000,000. As of June 30, 1951, the bank had accumulated an earned surplus of \$254,800,000.

I should like to emphasize that the bank is a lending agency. It does not make grants or gifts and has never had

or never sought to have such authority. It makes loans to facilitate exports and imports by the United States with foreign countries. Its loans have promoted both the political and economic interests of the United States and at the same time have contributed to the economic growth and development of foreign countries. Loans have been made to foreign countries, nationals of foreign countries, and American firms operating subsidiaries in foreign countries. The record of almost negligible losses on loans made by the bank clearly indicates that loans are not made without a realistic evaluation of the ability of the foreign country, the foreign economy, and the particular foreign industry concerned, to repay them.

General export trade credits extended by the bank, assist in the financing of American products exported to foreign countries. Manufactured products embody the skilled labor of American engineers, designers, mechanics and factory workers. Export credits have also materially assisted the sale abroad of American agricultural commodities such as wheat, tobacco and cotton. Export trade development credits extended in the past are now making important contributions to the flow to the United States of strategic and critical materials needed in the preparedness program. I would like to illustrate the way such development credits work by calling your attention to a specific case in which the bank assisted the financing of a project, namely, the Liberia Mining Co., Ltd.

In February 1949 the bank sent representatives to Liberia in company with officials of the Liberia Mining Co., Ltd., and of the Republic Steel Co., a domestic steel producer interested in new sources of high-grade iron ore, to investigate a proposed iron-ore development project at Bomi Hills. At that time about \$1,000,000 had already been invested by American interests in this mining project, which involved the development of a mine containing an estimated 20,000,000 tons of high-grade iron ore, the building of a 45-mile railroad from the mine to the port of Monrovia, and the construction of ore-handling and storage facilities at the port. In April of that year the bank authorized a \$4,000,000 credit to the Liberia Mining Co., Ltd., to be repayable in semiannual installments over a 10-year period beginning December 31, 1951, and to bear interest at 4½ percent per annum. In addition to the \$1,000,000 of private capital already invested by American interests, the Republic Steel Co. agreed to invest the necessary remaining \$3,000,000 needed for completion of the project and executed a long-term ore-purchase agreement for a substantial portion of the total annual output estimated at a minimum of 1,000,000 tons of ore per year commencing in 1951. The financing was thus a joint undertaking of private capital and the Export-Import Bank in approximately equal proportions. The first shipload of very high-grade iron ore—67 percent—from the Bomi Hills mines arrived in the harbor of Baltimore in June of this year for reduction at the Republic Steel Co. plant.

With respect to the bank's financing of cotton exports, I am sure the Members from the cotton producing States will be interested in knowing that the bank over the last few years has financed export credits for the sale abroad of over 2,000,000 bales of American cotton. Cotton credits have been extended in the past for the export of cotton to a number of foreign countries.

The Secretary of Agriculture, in asking the farmers to plant more acres in cotton, left them under the impression that they would obtain at least 40 cents a pound for their cotton. Three or four months ago, cotton was selling for 45½ cents per pound. Today cotton is selling around 34 cents, a reduction in price of more than 25 percent. Many cotton farmers will lose money on this year's crop as the growers are producing more than 17,000,000 bales. Something must be done to help the market for these cotton growers or else next year we will be in need of more cotton than will be produced. The Export-Import Bank, in my opinion, is the agency that can do most to aid the farmer in obtaining a fair price for his cotton by extending loans to foreign nations and importers to purchase a part of the surplus cotton of this year's crop.

When Mr. Gaston, Chairman of the Board of Directors of the Export-Import Bank, recently appeared before our committee he was asked about the activities of the bank in financing cotton exports. He recalled to the committee that a few years back the bank had set up a special fund of \$100,000,000 for the financing of short-term contract sales of cotton to foreign countries and stated:

We have recently announced that we are prepared to do the same thing again and we are now negotiating some cotton sales.

The cotton-export financing done by the bank has been on a business basis and the disbursements on past cotton operations have been repaid. In some cases the bank has made the credits available itself. At other times it has participated with a group of commercial banks in extending a line of credit for cotton exports. For instance in early 1948 the bank participated with a group of commercial banks in extending a revolving line of credit totaling \$60,000,000 in favor of the Occupied Japan Export-Import Revolving Fund to finance purchase of cotton in the United States. The bank agreed to participate in this credit to an amount up to \$29,000,000.

The present borrowing authority of the bank is limited to advances from the Treasury in an amount not exceeding \$2,500,000,000 outstanding at any one time—two and one-half times the authorized stock of \$1,000,000,000. Its lending authority is limited to \$3,500,000,000 of loans and commitments outstanding at any one time. As of June 30, 1951, loans outstanding and committed amounted to slightly over \$3,000,000,000, leaving uncommitted lending authority of slightly less than \$500,000,000. The bill before us today would increase the bank's borrowing and lending authority by \$1,000,000,000 and would also extend the life of the bank 5 years to June 30, 1958. I think you will agree

with me that the Export-Import Bank is performing a real service for our country and in a very creditable manner. I think you will also agree that the bank should be granted the increases provided in this bill so that it will be in a position to continue its lending programs and still have an adequate reserve for emergency purposes. I hope we will have prompt action in passing this measure.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. McKinnon], but may I say first that I made a mistake in my answer to one of my colleagues as to whether or not any loans had been made to Poland. A loan was made to Poland before Poland went behind the iron curtain, and I understand the loan is not in arrears at the present time.

Mr. McKINNON. Mr. Chairman, as we consider this legislation to extend the authorization of the Export-Import Bank I think it well to keep in mind that this is one of our offensive weapons in the war against communism. This is a means of our carrying the war abroad to help keep the free world alive. This war with communism is a competition not only of ideas but of living standards. It is further a competition of production and development of raw materials to be used in defense of the free world.

One of the purposes of the Export-Import Bank is to assist free countries that have raw materials but no development capital. Through Export-Import Bank loans, these countries can be assisted in the development of their raw-material resources, with a consequent gain to them and to the United States. The Export-Import Bank has done a tremendous job in increasing the development of raw materials in free countries throughout the world.

One of the great advantages that has come in recent years has been the loan program of the Export-Import Bank. Loans have been made to Brazil, to Chile, and to several other of our South American neighbors, that have developed millions of tons of iron ore that is now coming into our country to augment the declining resources we have for steel manufacture. Loans from the Export-Import Bank have also been made to develop such other raw materials as tungsten, sulfur, and uranium. These materials are scarce in our economy and we need them to buttress our own defense.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from Iowa.

Mr. GROSS. How much steel is coming into this country?

Mr. McKINNON. Loans have been made by the Export-Import Bank in recent years by which we have developed approximately 3,700,000 tons of steel-making ore that would not have been coming in, probably, without the Export-Import Bank loans.

Mr. GROSS. Will the gentleman tell me why we are exporting steel?

Mr. McKINNON. The export of steel is in small quantities compared to the steel ore. We are exporting steel, not

steel ore. The imports are iron ore coming in to keep our steel mills producing.

Mr. GROSS. Will the gentleman tell me where this steel ore is coming from?

Mr. McKINNON. Yes; 1,500,000 tons is from Brazil, 1,200,000 tons from Canada, and 1,000,000 tons from Chile. We are taking into Sparrows Point up the Chesapeake some 67 percent of the total output which comes from Liberia in Africa. Those figures add up to 3,700,000 tons of steel ore coming into the United States.

Mr. GROSS. Is that steel or ore?

Mr. McKINNON. It is iron ore.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Coming from a steel-producing district, let me say that some of the companies in my district are faced with the realistic view of either developing iron ore, we call it deposits, in foreign countries where they can ship that in to make it into steel, or curtailing their business or going out of business. I think specifically of a group of them that have gone together and have borrowed some money to develop iron-ore deposits in northern Canada.

Mr. McKINNON. That is right. In addition, some of these developments in South America have been on funds loaned to large companies like Bethlehem and Republic so they could go into these South American countries and develop the iron-ore resources there.

Mr. ELLSWORTH. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from Oregon.

Mr. ELLSWORTH. The discussion on the bill thus far has had to do with the merits of the thing. I am considerably impressed with the virtue and value of it. However, the bill is specifically for the purpose of increasing the amount of the lending power and lengthening the life of the bank. Will the gentleman be good enough to bear upon specifically the reason why the additional lending power is required at this time?

Mr. McKINNON. The reason is because we are expanding the program to develop strategic materials abroad for our own self-defense.

The present authority of the Export-Import Bank is pretty well committed, yet we face the need for an accelerated tempo for developing raw materials of friendly nations in this free world of ours to help combat communism and to help increase our ability to defend ourselves. That is primarily the function that this new authorization would be used for.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, there has been a lot of socialism preached here this afternoon but none of the people who have been preaching that socialism will identify themselves as socialists. That is one of the great tragedies of our time, that we have more and more socialism brought to us in the name of fighting socialism and brought to us in the name of free enterprise.



I asked a while ago whether or not loans had been made to Poland. The chairman of the committee did not know. I report to you now that \$43,000,000 of the American taxpayers' money has been loaned to Poland and was used to buy coal cars and locomotives, which Russia must find very useful at the present moment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Kentucky.

Mr. SPENCE. I corrected my answer afterwards. I found that we had made loans to Poland but they were made before it went under the iron curtain. I understand those loans are not in arrears.

Mr. BUFFETT. I am glad the gentleman made that correction. I point out to you the \$43,000,000 loaned to Poland did not keep them from going behind the iron curtain.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Iowa.

Mr. GROSS. If that was used for the purchase of locomotives and other rail equipment using large amounts of steel, we were simply further depleting our own national resources in this country. Is that not true?

Mr. BUFFETT. Yes, sir; the gentleman is exactly right. Of course, they make a point of the fact that commercial banks of this country have not made these loans. I sat in the committee when one of the great commercial bankers of New York, came down and testified in favor of the Export-Import Bank. He had a good reason for it. His big depositors were going to have a very, very profitable business out of these Government loans, out of the fact that the Government is making these unsound, speculative loans where the profits would roll back into the coffers of the bank through the businesses they were interested in.

On the other hand, if a sound loan is in sight, the banks cannot very well make them because the rate at which the Export-Import Bank is lending money is 3 percent and 3½ percent, which for speculative foreign credits is not satisfactory.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. KEATING. Does the record, and I ask this without any knowledge on it, and will be glad to be informed, bear out the contention that loans which have been made are actually unsound, and have not paid out?

Mr. BUFFETT. The record to date looks very pretty. The loans in default are infinitesimal. I pointed out earlier that it is no test of a bank's operation of whether or not it is well run when you are at the top of a boom. We are in a boom. At the top of a boom, the fellow who operates his business in the most speculative manner looks the best. He is taking the biggest risks, and he naturally is making the biggest profits. It is the position when the boom is over and when the bloom is off the rose that will be the test of these operations.

At some stage, the RFC, I imagine, looked just as good, and this is a global RFC—make no mistake about it. It is a venture in socialized credit on a world-wide basis. It perverts the principle of free enterprise, and it denies the principle that in a capitalistic society business should be privately financed.

In that fashion, it is contributing directly to the spreading net of socialism and totalitarianism in our world.

The issue is clear. Either you are in favor of more socialism and more socialization of credit, and more Government interference and intervention into private enterprise, or you are in favor of the Government staying in its legitimate field. For my part, I want to stop socializing America.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. GROSS. Does not the gentleman agree with me that there is a real dependence upon the continuance of the ECA hand-outs to help repay these loans to this country? In other words, they would fall over on their faces, if we do not continue to ladle out billions of dollars to foreign countries through the so-called Marshall plan aid.

Mr. BUFFETT. The gentleman is correct. As long as you funnel out money to your debtors, either by loans or grants or aid of various kinds, it is certain that those debtors are going to make payments on past loans and past debts.

Mr. McKINNON. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. McKINNON. I think the gentleman is a reasonable man, and is willing to be guided by the facts and by actual figures. May I call the gentleman's attention to the fact that in Latin America the bank has loaned to the countries in that area \$1,600,000,000, and of that amount some \$44,000,000 is outstanding. In other words, nearly three-fourths of the total amount loaned to South American countries over the past 17 years has been repaid, and no ECA or Marshall plan funds have been going to South America to help to repay those loans.

Mr. BUFFETT. Is the gentleman reporting that they have made no additional loans down there during that period?

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I am a little bit surprised at the opposition to this measure, and especially at the gentleman from Nebraska. When the hearings on this were held, he was present at the beginning, and I did not hear him ask any questions or raise any objections. As a matter of fact, there was not a dissenting vote against this in committee. But, when he talks about socialism and so on, he is getting a little bit far afield, I think, because all he has to do is read the report, and he will see that some of the companies to which these funds have been loaned are some of the greatest advocates we have for the free enterprise system. I would like to

point out also to you that we are in a perilous situation so far as steel is concerned, and unless the Government, through the Export-Import Bank, or some other source, accelerates the development of iron ore production throughout the world, we may be caught in a very short situation because anybody who knows anything about the steel business whatever, or who can read the newspapers, knows that the rich Mesabi ore range is about exhausted, and we have to get it from some place else or we are going to be in a position of being crippled so far as steel production is concerned. In this modern age of modern warfare, steel is the basis of any army's operation or of any government's economy. I just do not think we can afford to be caught in a situation like that.

Mr. BUFFETT. Will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. BUFFETT. This agency deals in bank credit, is that correct?

Mr. HAYS of Ohio. That is right.

Mr. BUFFETT. Is it true or is it not true that all bank credit in the Soviet Union is controlled by the government?

Mr. HAYS of Ohio. What does the Soviet Union have to do with it? We are not lending any money to the Soviet Union, or to any bank in the Soviet Union, or to any company that operates in the Soviet Union, or to anybody that the Soviet Union is guaranteeing a loan for.

No, I am not going to yield further to the gentleman. I do not want you to stand up there and try to becloud the issue. What you are trying to do is make out that we are helping our enemies, when the very purpose of this act is to encourage our friends and to make them strong so that we can combat the people that we may have to fight against.

Mr. BUFFETT. Mr. Chairman, I demand that those words be taken down.

The CHAIRMAN. The gentleman from Nebraska asks that the words be taken down.

Mr. SABATH. What words, Mr. Chairman?

The CHAIRMAN. The Clerk will report them.

Mr. SABATH. The words of the gentleman from Nebraska or whose?

The CHAIRMAN. The Clerk will report the words that the gentleman from Nebraska has requested be taken down.

The Clerk read as follows:

I do not want you to stand up there and try to becloud the issue. What you are trying to do is to make out that we are helping our enemies when the very purpose of this act is to encourage our friends and to make them strong so that we can combat the people that we may have to fight against.

The CHAIRMAN. The Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2006, to increase the lending authority of Export-Import Bank of Washington and to extend the period within

which the bank may make loans, certain words used in debate were objected to and on request were taken down and read at the Clerk's desk, and he herewith reported the same to the House.

The SPEAKER. The Clerk will report the words objected to.

The Clerk read as follows:

I do not want you to stand up there and try to becloud the issue. What you are trying to do is to make out that we are helping our enemies when the very purpose of this act is to encourage our friends and to make them strong so that we can combat the people that we may have to fight against.

The SPEAKER. The Chair does not see anything in those words that should be offensive to anybody.

The Committee will resume its sitting. The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Ohio [Mr. HAYS] has one-half minute remaining.

Mr. HAYS of Ohio. Mr. Chairman, I again repeat that the purposes of this act are to help us, to encourage our friends all over the world, and to help our own industries, to implement their raw-material supply in order to strengthen us and put us in a good position so that we can face whatever may come.

In closing, let me say that if there are any words that have been used in this debate that are offensive they are the words of those who tried to bring into the debate the fact that any of this money was going to iron-curtain countries. There has not been any money going to iron-curtain countries; there has not been any loan going to a country even such as Poland, for instance, since it has been under the domination of the iron curtain.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GAMBLE. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, the closest I ever came to being an international banker was as a bank messenger in one of the local banks in my home town. I remember how good it felt to carry great loads of stocks and bonds from one institution to another, and I remember eavesdropping one day into some correspondence which was perhaps of a confidential nature. The letter referred to a default on some of the international bonds which had been floated by J. P. Morgan & Co. I would like to think the day is gone when private investors are nicked the way they were 25 years ago in those situations.

The correspondence related to some central European country, Montenegro, Serbia, or some other central European country, where a municipal bond issue for a waterworks had failed, where the public officials or the banker in question had absconded because of a revolution precipitated in that country; in other words, the private investment had gone by the board and that particular bond issue was lost simply because of the instability of the government in question.

I presume the bill we are considering today extending the lending power of the Export-Import Bank will eliminate

the danger of private capital being jeopardized as it was in the particular instance to which I referred. It does, however, give us food for thought in that the future may or may not be as uncertain as it was 25 years ago when foreign governments loans floated by J. P. Morgan and some of the other private investment houses went sour when weak governments tottered and fell to revolutionaries and were swept aside, and with them countless millions of the capital of private investors. I suppose the same could be true with the disposition of public funds in the future. I simply raise this point at this time, not in criticism of the Export-Import Bank, but to show the possibility of certain recurrences of the disastrous situation which those investors of private capital faced so many years ago. Of course, nowadays they are public funds and we do not have to worry so much about them, if we are to follow the popular method of throwing dollars to the winds.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That the Export-Import Bank Act of 1945, as amended (59 Stat. 526, 666; 61 Stat. 130), is hereby amended in the following particulars:

(a) By deleting from section 6 the words "two and one-half" and substituting in lieu thereof the words "three and one-half"; and

(b) By deleting from section 7 the words "three and one-half" and substituting in lieu thereof the words "four and one-half"; and

(c) By deleting from section 8 the date "June 30, 1953" and substituting in lieu thereof the date "June 30, 1958."

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I simply want to clear the record up a little bit. In my previous remarks I did not in any way, directly or indirectly, charge any socialism in connection with this operation. I did not criticize the bank directly or indirectly. I did not ask for a liquidation of the bank.

What did I do? I simply charged that the extension of credit as here presented is inflationary at this time. That was the burden of my argument. The increased lending capacity of \$1,000,000,000 at this time is inflationary. That was my charge.

When was this bank organized? About 18 years ago. What were the conditions then? Great unemployment, so-called surpluses of agricultural products stacked everywhere you could think of, low prices, low wages, low national income. The concept of the bank was to try to rectify some of these great difficulties 18 years ago. Of course it has had a great financial record. Anybody who has studied the record ought to know that.

What is your situation now? Full employment, a shortage of labor. Look at the effort we put in here to get raw labor to meet our own requirements. High prices, with prices going higher because the Congress and the administration insist on continually doing things which are inflationary from an economic standpoint.

The argument has been made that what we should do in a period of inflation is to extend credit for the purpose of expanding productive facilities. Such action promotes more inflation. The gentleman from California made that argument. Why were the banks of this country forced into a voluntary proposition, and when I say "forced" I mean pushed into it by the administration? Not to give credit for expansion purposes, because that was inflationary. You cannot ride two horses going in opposite direction at the same time.

I am simply getting this in the RECORD for the purpose of having it in the RECORD. I know what you are going to do with this bill. You are going to pass it with probably no more than three or four votes against it.

Mr. McKINNON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from California.

Mr. McKINNON. May I point out that in the gentleman's remarks about expansion and self limitation of credit, there were no credit limitations imposed upon increasing the productive capacity for our defense effort. We have lent many millions of dollars in that regard, and this is along the same line.

Mr. CRAWFORD. May I make a personal reference? I sit on a large bank board that does some pretty big business in this country with some large enterprises, as big as they make them, and I know something about what happens on credit and how the wheels go around, even if I am not a member of the gentleman's committee.

Now, last year you had about 9,000,000 bales of cotton. It looks like you will have between seventeen and eighteen million bales this year. I can understand why there is a billion dollars of additional credit asked for here. You are going to have some other large crops perhaps if the farmers of this country continue to work the way they are, because these things just happen to come forth. As the gentleman from Michigan [Mr. Wolcott] pointed out, the original concept was to finance the movement of goods out of the United States across international boundary lines to other parts of the world because of low prices, unemployment, low national income.

How much higher do you want to inflate these prices? I am telling you you are voting for inflation. I am not surprised at that. But I have my own personal record to take care of, and I simply put this in for the purpose of the RECORD. I am not changing any votes today whatsoever.

Mr. RANKIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the danger of this legislation is that it increases the inflation of the currency. There is where our trouble lies. It is nonsense to try to hold the price of commodities down and let the inflation of the currency continue to run wild.

Every great economist on earth will tell you that prices in a free economy are governed by two things: First, the volume of the Nation's currency; and,



second, the velocity of its circulation. It is absolutely useless to try to prevent inflation by fixing commodity prices without attempting to stabilize the currency within a given limit.

The gentleman from New York [Mr. REED] expressed it the other day when he said that it was like trying to fix the price of a bushel of corn or wheat by law and then letting the other fellow fix the size of the bushel.

The Committee on Banking and Currency should bring out a bill to stabilize the currency within a given limit. Until you do that you will never check inflation. Lenin, the Russian Communist leader, said 30 years ago that the way to destroy the Government of the United States was to bankrupt it.

This program of inflation of the currency is dragging this country in that direction.

Let me show you where we are. I have the circulation statement of United States money dated April 30, 1951. At that time we had \$27,278,000,000 in circulation of which \$22,966,000,000 were Federal Reserve notes. Mark what I tell you, this thing will be financed through the Federal Reserve System with Federal Reserve notes for which the American people will be held responsible.

In 1928 I helped to investigate the cotton market in New York. We wrung the hands of a certain group of manipulators from the cotton market, cleared out some inferior cotton that had been slipped by the classes and stored in the Bayway Terminal. As a result of that investigation and the elimination of that undesirable cotton, the market went back up to its normal value of 22 cents a pound. At that time instead of having \$27,278,000,000 in circulation as we have now, we had only \$4,744,000,000 in circulation, of which amount \$1,588,000,000 was in Federal Reserve notes. As I said a moment ago, we now have \$22,968,000,000 of Federal Reserve notes in circulation.

Today, when we have almost six times as much money in circulation as we had then, raw cotton is down to around 35 cents a pound. Yet the administration insists on fixing the price of cotton far below the world market, holding it down and impoverishing the cotton farmers to that extent, while the Committee on Banking and Currency proposes to thus expand the currency and increase the dangers of runaway inflation without giving the cotton farmers any relief.

If the committee would bring out a bill to stabilize the currency within a given limit, and take the hands of the Federal Government off the necks of the American farmers, the American people would know what to depend on and would soon adjust themselves to the volume of the currency, stabilize prices, and permit farm commodities, and especially cotton, to rise to the value justified by the volume of the currency and the velocity of its circulation. But if you keep on expanding the currency and attempting to regiment the American people, you are likely to take this country on down the road to financial destruction.

One gentleman spoke a while ago about what has been done for the farmers. I was here last year when Mr. DiSalle,

whose real name is di Salvo, and our Secretary of Agriculture from Pikes Peak, Mr. Brannan, put an embargo on cotton and robbed the cotton farmers of this country of \$100 a bale on every bale of cotton they raised.

I called up the other day and found that cotton was \$85 a bale higher in Brazil than it was in the United States—in Georgia, Mississippi, Tennessee, Texas, Louisiana, and all the other Southern States.

This is one of the most dangerous things this Congress could do. Instead of bringing out a bill here to provide a springboard for the international bankers to continue to make money, at our expense, the committee should bring out a bill to stabilize the currency within a given limit. Until you do that, and Congress passes such a measure, this Government is not safe from devastating inflation, or disastrous deflation.

These Federal Reserve bankers could deflate the currency at any time and plunge us into the same kind of a depression they did in 1921. They could plunge us into the same catastrophe they did in 1928 and 1929. Yet here you give them the right to expand—to do what? To further inflate the currency.

Talk about these bankers going to South America to secure iron ore. That is ridiculous. The United States Steel Corp. has already bought an interest in the iron ore in Venezuela. You do not have to send money down there for that purpose. If you will provide the proper method of bringing in this material, by speeding up the construction of the short missing link in our internal waterway system, known as the Tennessee-Tombigbee inland waterway, which will provide a slack-water route from the Gulf to Pittsburgh and to the Great Lakes, the steel companies will finance themselves and bring in their own materials.

But if you keep on with this inflation program it may mean our destruction—as Lenin predicted.

As I pointed out a while ago, a courthouse burned at Macon, in the district I have the honor to represent, and the people there are told that they cannot even get steel to rebuild it until 1952—or later.

Today our people are being regimented as they never have been regimented before. Unless it is stopped, unless we get back to a sound financial policy, your children and your grandchildren for generations to come may not be permitted to even own their own homes.

I am opposing this measure because I think it is dangerous. I think it is leading on and on and on down that road of devaluation of the American dollar that may ultimately result in wrecking this Republic.

I hope this bill is defeated.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think the gentleman could point out that during the last 12 months we have lost approximately \$2,000,000,000 of gold, which is some more of your inflation.

Mr. RANKIN. Yes.

Mr. CRAWFORD. Why are we shipping out the gold? Because of the policies we are following. Otherwise that gold would be coming this way. In addition, can the gentleman tell us how much circulation has increased in, say the last 8 weeks?

Mr. RANKIN. From the 31st of March to the 30th of April it increased \$160,000,000, in just 30 days. I have the record here.

I do not even have to consult the members of the Committee on Banking and Currency. I tell you, here is the danger to the future welfare of this Republic.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. SIEMINSKI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SIEMINSKI. Mr. Chairman, I am in support of the additional appropriation for the Export-Import Bank. It has a magnificent record of performance; excellent profits minuscule losses during the most turbulent times, perhaps, in the history of man, political, economic, military, and psychological, 1934-51; truly a period of international unrest and unreliability of national regimes.

We are in a period of localized hostilities and intensive rearmament. The timing and practical value of private foreign investment is more formidable than it was in the state of "cold war" which preceded hostilities in Korea.

Coordinating machinery, primarily between United States official lending institutions and ultimately between them and those of other countries, is now urgently required. Where there is an important political advantage in the export of capital to particular countries—as there was in the case of the Dawes and Young loans to Germany and the League loans to central Europe—it is not enough for us to recommend such loans to the public; we must provide or guarantee them. The Export-Import Bank does this for the taxpayer in its transactions.

During committee hearings last spring, I asked Mr. Gaston, the distinguished president of the Export-Import Bank, an off the record question which I should like now to put on the record in the form of a suggestion: It would help to prepare the way for genuine private investment if, in suitable cases, the bank guaranteed private ventures against noncommercial risks such as confiscation and convertibility instead of lending direct from its own funds. I asked Mr. Gaston to consider a security clause in loan contracts and I believe his answer was that diplomatic channels are available for such operations.

I recognize that some areas offer a specially favorable field of operations for development in south and southeast Asia as well as in South America and the Philippines. Further, the United States could increase private

capital available for investment by the amendment of State laws restricting the investment of insurance funds, and by the extension of tax relief for American enterprise abroad. Considerable investments are being made by United States oil companies in oil-producing countries, and by industries interested in new mineral resources. This is by far the largest class of genuine foreign investment.

In closing, I trust the Export-Import Bank, in history, will be looked upon as a great stabilizer. It is now discouraging any such action as happened to Peru between the two world wars as well as to Germany and Austria when the Credit Anstalt failed. Peru asked a private house for a \$15,000,000 loan. The investment house said Peru needed \$50,000,000, not fifteen. Peru was forced to borrow the higher figure. A neat interest rate or commission was paid to the firm, some \$15,000,000. Peru received \$35,000,000. She defaulted. Today, Peru is blacklisted for private credit, thanks to private enterprise. So it goes. Good luck Mr. Gaston, your bank has a fine record and deserves the additional funds requested in this bill.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans, pursuant to House Resolution 434, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BUFFETT) there were—ayes 88, noes 24.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 259, nays 69, not voting, 102, as follows:

[Roll No. 182]

YEAS—259

Abernethy	Bailey	Boggs, Del.
Adair	Bakewell	Boiling
Addonizio	Barden	Bolton
Allen, Calif.	Bates, Ky.	Bosone
Anderson, Calif.	Bates, Mass.	Bow
Andrews	Battle	Bray
Anfuso	Beamer	Brooks
Angell	Beckworth	Brown, Ga.
Arends	Bender	Brown, Ohio
Armstrong	Bennett, Fla.	Brownson
Aspinall	Betts	Bryson
Auchincloss	Blackney	Buchanan
Ayres	B'atnik	Burleson

Burnside	Harden	O'Neill
Bush	Hardy	Ostertag
Butler	Harris	Patman
Byrne, N. Y.	Harrison, Va.	Patten
Byrnes, Wis.	Harvey	Perkins
Camp	Havener	Poage
Canfield	Hays, Ark.	Polk
Cannon	Hays, Ohio	Poulson
Carlyle	Hedrick	Preston
Carnahan	Heller	Price
Celler	Heseltun	Prouty
Chelf	Hess	Rains
Chenoweth	Hinshaw	Ramsay
Cole, N. Y.	Holmes	Reams
Colmer	Hope	Rhodes
Combs	Horan	Richards
Cooley	Hunter	Riley
Cooper	Jackson, Wash.	Roberts
Corbett	Jarman	Robeson
Coudert	Johnson	Rodino
Cox	Jonas	Rogers, Colo.
Crosser	Jones, Ala.	Rogers, Fla.
Crumpacker	Jones, Mo.	Rogers, Mass.
Curtis, Mo.	Jones, Nebr.	Rogers, Tex.
Curtis, Nebr.	Hamilton C.	Rooney
Davis, Ga.	Jones, Woodrow W.	Roosevelt
Davis, Tenn.	Judd	Sabbath
Davis, Wis.	Karsten, Mo.	St. George
Dawson	Kearney	Sasser
Deane	Keating	Saylor
DeGraffenried	Kee	Scott,
Dempsey	Kerr	Hugh D., Jr.
Denny	Kilburn	Seely-Brown
Denton	Kilday	Sheehan
Devereux	Kirwan	Shelley
D'Ewart	Lane	Sheppard
Dolliver	Lantaff	Short
Dondero	Larade	Sieminski
Dorn	Lesinski	Sikes
Doughton	Lind	Smith, Miss.
Durham	Lovre	Smith, Va.
Eaton	Lyle	Spence
Eberharter	McConnell	Springer
Elliott	McCormack	Staggers
Ellsworth	McCulloch	Steed
Engle	McDonough	Sutton
Ewins	McGregor	Tackett
Fallon	McGuire	Talle
Feighan	McKinnon	Teague
Fenton	McMillan	Thomas
Fernandez	McMullen	Thompson, Tex.
Fisher	Mack, Wash.	Tollefson
Flood	Madden	Trimble
Forand	Mahon	Van Zandt
Ford	Mansfield	Velde
Forrester	Marshall	Vorys
Frazier	Meador	Watts
Fugate	Merron	Welch
Purcolo	Miller, N. Y.	Wheeler
Gamble	Mills	Whitaker
Gary	Mitchell	Whitten
Gathings	Morano	Wickersham
Golden	Morgan	Widnall
Goodwin	Morris	Wier
Graham	Moulder	Wigglesworth
Granahan	Multer	Williams, Miss.
Grant	Mumma	Wilson, Tex.
Green	Murdoch	Winstead
Greenwood	Murray, Tenn.	Withrow
Gregory	Nelson	Wolcott
Hagen	Nicholson	Wolverton
Hale	Norrell	Yates
Hall,	O'Brien, Ill.	Yorty
Leonard W.	O'Brien, Mich.	Zablocki
Halleck		

NAYS—69

Albert	George	Reed, N. Y.
Allen, Ill.	Gross	Rees, Kans.
Andersen,	Hall,	Riehlman
H. Carl	Edwin Arthur	Schwabe
Andresen,	Harrison, Wyo.	Scrivner
August H.	Hoeven	Scudder
Baring	Hoffman, Ill.	Secret
Belcher	Hoffman, Mich.	Shafer
Bennett, Mich.	Hull	Simpson, Ill.
Berry	Jenison	Simpson, Pa.
Bishop	Jenkins	Smith, Kans.
Bramblett	Jensen	Smith, Wis.
Brehm	Kearns	Stefan
Budge	LeCompte	Taber
Buffett	McVey	Thompson,
Burdick	Martin, Iowa	Mich.
Chipfield	Mason	Vall
Church	Miller, Nebr.	Van Pelt
Clevenger	Norblad	Vursell
Cotton	O'Hara	Werdel
Crawford	O'Konski	Williams, N. Y.
Cunningham	Phillips	Wood, Idaho
Dague	Rankin	Woodruff
Elston	Reece, Tenn.	
Gavin	Reed, Ill.	

# NOT VOTING—102

Aandahl	Hart	Morrison
Abbitt	Hébert	Morton
Allen, La.	Heffernan	Murphy
Baker	Herlong	Murray, Wis.
Barrett	Herter	O'Toole
Beall	Hill	Passman
Bentsen	Hillings	Patterson
Boggs, La.	Hollifield	Philbin
Bonner	Howell	Pickett
Boykin	Ikard	Potter
Breen	Irving	Powell
Buckley	Jackson, Calif.	Priest
Burton	James	Quinn
Busbey	Javits	Rabaut
Case	Kean	Radwan
Chatham	Kelley, Pa.	Redden
Chudoff	Kelly, N. Y.	Regan
Clemente	Kennedy	Ribicoff
Cole, Kans.	Keogh	Rivers
Delaney	Kersten, Wis.	Sadlak
Dingell	King	Scott, Hardie
Dollinger	Klein	Sittler
Donohue	Kluczynski	Stanley
Donovan	Lanham	Stigler
Doyle	Latham	Stockman
Fine	Lucas	Taylor
Fogarty	McCarthy	Thornberry
Fulton	McGrath	Vinson
Garmatz	Machrowicz	Walter
Gordon	Mack, Ill.	Weichel
Gore	Magee	Wharton
Granger	Martin, Mass.	Willis
Gwinn	Miller, Calif.	Wilson, Ind.
Hand	Miller, Md.	Wood, Ga.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Busbey.  
Mr. Murphy with Mr. Miller of Maryland.  
Mr. Hébert with Mr. Beall.  
Mr. Morrison with Mr. Case.  
Mr. Chatham with Mr. Morton.  
Mr. Boggs of Louisiana with Mr. Patterson.  
Mrs. Kelly of New York with Mr. Potter.  
Mr. Chudoff with Mr. Gwinn.  
Mr. Lanham with Mr. Kean.  
Mr. Vinson with Mr. Latham.  
Mr. King with Mr. Hardie Scott.  
Mr. Passman with Mr. Hand.  
Mr. O'Toole with Mr. Radwan.  
Mr. Quinn with Mr. Taylor.  
Mr. Clemente with Mr. Herter.  
Mr. Delaney with Mr. Hill.  
Mr. Buckley with Mr. Weichel.  
Mr. Hart with Mr. Wharton.  
Mr. Herlong with Mr. James.  
Mr. Hollifield with Mr. Kersten of Wisconsin.

Mr. Klein with Mr. Baker.  
Mr. Magee with Mr. Hillings.  
Mr. Miller of California with Mr. Sadlak.  
Mr. Doyle with Mr. Sittler.  
Mr. Dollinger with Mr. Jackson of California.

Mr. Garmatz with Mr. Wilson of Indiana.  
Mr. Rabaut with Mr. Stockman.  
Mr. Walter with Mr. Fulton.  
Mr. Granger with Mr. Cole of Kansas.  
Mr. Heffernan with Mr. Aandahl.  
Mr. McGrath with Mr. Murray of Wisconsin.  
Mr. Fine with Mr. Javits.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.



**DISPENSING WITH CALENDAR WEDNESDAY BUSINESS PROGRAM FOR REMAINDER OF WEEK**

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. ARENDS. Reserving the right to object, Mr. Speaker, and of course I shall not object, can the majority leader tell us what the program will be for tomorrow and Thursday?

Mr. McCORMACK. There are two bills on the notice programmed for today, H. R. 39 and H. R. 1628. It is my understanding that they will be called up and that there is no opposition to them. Assuming that they both pass, there will be no legislative business tomorrow. On Thursday the legislative business will be House Resolution 82, expressing the sense of the House with relation to the unification of Ireland.

Mr. REES of Kansas. Further reserving the right to object, Mr. Speaker, what is the program for Friday and Saturday?

Mr. McCORMACK. I have none now. If there is no further program, and I see none now, on Thursday I will ask that the House adjourn over until Monday.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

**PERISHABLE AGRICULTURAL COMMODITIES**

Mr. SABATH. Mr. Speaker, I call up House Resolution 429 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved.* That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 39) to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this resolution makes in order the bill H. R. 39, reported by the Committee on Agriculture. The purpose of the bill is to improve the marketing of perishable agricultural commodities and reduce the price spread between the producer and consumer by encouraging the establishment of modern, efficient, wholesale marketing facilities in the large consuming areas of the United States. It would do this by authorizing the Secretary of Agriculture to insure, for a stipulated fee,

loans by private lending institutions for the construction of such facilities which meet standards set out in the bill.

Extensive hearings were held by the Committee on Agriculture and the bill received the almost unanimous approval of marketing officials, organizations of wholesale and retail food dealers, farm organizations, consumer representatives, and housewives' organizations throughout the country. It will provide the means of improving the quality, wholesomeness, variety, and nutritive value of fresh fruits, vegetables, and other perishable food products available to consumers and will reduce the cost of these commodities.

A similar bill was passed during the last Congress. I believe this legislation is in the right direction because in many of the large centers of our country from 20 to 30 percent of fruits and vegetables are lost or spoiled because of lack of proper transportation. It costs a tremendous sum of money to transport these commodities from farms to the city markets. It is believed that by providing these facilities the fruits and vegetables can be transported with advantage to the grower as well as the consumer.

I do not think there will be any opposition to the bill nor any opposition to the rule and I do not wish to keep you any longer than absolutely necessary. The rule provides for 1 hour of general debate, and will be read for amendment under the 5-minute rule after the general debate is concluded.

I now yield 30 minutes to my colleague, the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I am opposed to this rule. I am opposed to the consideration of this legislation at the present time. In dealing with the merits of the legislation, I would like to explain that the purpose of the bill is good, but it is a new venture on the part of the Government in authorizing guaranties and funds for the construction of vast terminal wholesale marketing facilities in the principal cities of our country. At the beginning of this Congress, I took the position in the Committee on Agriculture that I would oppose any new authorization, however worthy the project may be. A year ago, in the last Congress, this bill was approved by the House. The situation at that time was entirely different from what it is today because at the present time, or since last June, a year ago, our country has been at war. We are appropriating possibly \$80,000,000 in this session of the Congress which must be collected from the people in the form of taxes. This bill, as I have stated, provides for guaranteed loans to the extent of \$100,000,000 so that terminal facilities, or wholesale marketing facilities, may be built in the country. These are insured loans. It is an obligation on the part of the Government, in the event that the loans are not repaid with interest. It further provides that the agencies or persons in the re-

spective communities want to get this Federal guaranty, or want to occupy the facilities, are supposed to pay rent for the stalls or space that they occupy in the sale of fresh fruits and vegetables and dairy products and other perishable items. If they do not pay these rents, and if they default in the payment of the loan, it means that the Federal Government will have to take over the loan and operate the facility, if it cannot sell the facility.

This is no time to encourage building of expensive buildings and terminal facilities in any field because the price of construction is up twice as much at least during this inflationary war period as it was at the time we reported the bill and passed it in the House a little over a year ago.

Mr. SEELY-BROWN. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. SEELY-BROWN. Do you feel that we have available the material which would be needed for the construction of these facilities? I refer to materials such as steel and other items of that nature. Are they available at the present time for this purpose?

Mr. AUGUST H. ANDRESEN. Every day the gentleman from Connecticut, as well as other Members of the Congress, as well as myself, are calling on the NPA to get steel and copper, and a good many other items, and they turn us down. Here we have a new proposition to come in to replace existing facilities. I will admit they are necessary in some areas. But, to get the materials to put up these tremendous buildings, which may be 800 feet or 1,000 feet or 2,000 feet long, with expensive stalls and equipment for the merchants to occupy, seems to me to be the height of nonsense and not in the interest of the war effort.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. KEATING. In the hearings on this bill before the gentleman's committee was there any estimate given as to the cost of this bill? I notice no sum is stated in the appropriations section, which is section 16. Was there any evidence on that subject whatever?

Mr. AUGUST H. ANDRESEN. The full hearing took place in the last Congress, and we did not have complete hearings in the present Congress. I might say to the gentleman that from my personal observation in the committee, a good many of the members were opposed to it on both sides of the aisle. However, the bill was reported.

Mr. KEATING. So far as the gentleman knows, in either this Congress or the last, was there evidence on the subject of the prospective cost of the measure?

Mr. AUGUST H. ANDRESEN. No, we do not have any evidence at the present time. We do have some plans and estimates from the Department of Agriculture as to the nature of the buildings. But to get some real, definite figures on the cost, we could not get that. This bill provides for a guaranty of \$100,000,000 as an insurance fund for these loans.

Mr. KEATING. This is set up in the bill?

Mr. AUGUST H. ANDRESEN. It is set up in the bill. The insurance fund is set up through which these loans will be insured by the Federal Government. One hundred million dollars is available for that purpose.

Mr. KEATING. Is this an entirely new departure when we set up this fund? Is it what might be called a new field?

Mr. AUGUST H. ANDRESEN. It is new in this particular field. We use the insured funds in the housing field.

Mr. KEATING. Yes.

Mr. AUGUST H. ANDRESEN. But, this is a proposition to go into the city of New York, where they do need new wholesale marketing facilities. There is no question about that. They need it in Philadelphia, and in other communities. What I object to is committing the Government to \$100,000,000 on something that we know will be a failure, and will eventually be an obligation of the Government.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. GROSS. Last week, my wife paid 87 cents a dozen for medium-grade eggs in Washington. They were 42 cents a dozen at Waterloo, Iowa, my home town. Suppose we spend the \$100,000,000 on this project, does it mean the consumers are going to get the benefit of any part of that spread between the producer and the ultimate consumer?

Mr. AUGUST H. ANDRESEN. That is one of the hopes and purposes of the bill.

Mr. GROSS. But, you have no assurance of that; am I correct?

Mr. AUGUST H. ANDRESEN. Of course, there is no assurance of that.

Mr. GROSS. And they will go right on robbing the consumer just as they have been doing, and are doing today?

Mr. AUGUST H. ANDRESEN. Perishable items pass through the channels of trade, and we find that the biggest cost in the item comes after it reaches the facilities where it is taken from the railroad and moved to the marketing facility. Sometimes of course the cost of transportation just within a few blocks is more than the transportation from Waterloo to New York City.

Mr. GROSS. I do not care what the cost is, but the farmer is not going to get anything.

Mr. AUGUST H. ANDRESEN. No, the farmer does not get very much out of it.

Mr. REES of Kansas. I was under the impression that these commodity markets in the larger cities were more or less under the control of and provided by the municipality; that is, if there were any public funds allocated to that purpose it was done by the city itself and not by the Federal Government. Am I right about that?

Mr. AUGUST H. ANDRESEN. That, of course, is the way it should be, but the local communities to which the gentleman has referred, and businessmen in those communities, are not willing to risk their money in the building of these facilities such as has been felt were needed.

They want this Government guaranty of these loans.

This is a new field that we can well afford to stay out of at this time. I am opposing this rule. It is a new commitment on the part of the Government to do something that the people should do for themselves. I want to do everything I can to narrow the spread between the producer and the consumer, and that we should all do, but this is no time to go ahead and build these expensive facilities when we have a shortage of material needed in them, and doing it at a time of the very highest building costs.

Mr. REES of Kansas. This means that a city or municipality that builds them will have their investment guaranteed.

Mr. AUGUST H. ANDRESEN. Oh, yes; it will be guaranteed; it is an insurance the same as we have in the housing proposition.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. DONDERO. This debate has given me the impression that possibly the investments are not sound; if such an investment were sound, then local money could do this. It does not seem to me that the Federal Government should get into the marketing business when throughout the country, at least in my area, local people and local money have built the market places.

Mr. AUGUST H. ANDRESEN. It is a good investment for whoever goes into it if they do it and have a personal interest in it. But I am reminded of an experience out in Portland, Oreg., where a group got together out there and borrowed money from a Federal agency with the understanding that when the marketing facility got on a self-sustaining basis the city of Portland would take it over. It never got to be self-sustaining and the Government finally sold it to some other business. A printing business is now occupying that fine facility that is five or six hundred feet long and built for a wholesale market; they took it over and are using it for private purposes.

I want to urge the defeat of this rule so we will not have to go into an extensive discussion of something that is going to cost the Federal Government a lot of money. Later on, after the termination of our war effort, there will be ample time to pass on this legislation.

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS. Mr. Speaker, I rise in complete and unhesitating support of the bill that is now before us.

For 4 years I was a member of the legislative Committee on Agriculture, and I was a member of the subcommittee appointed to investigate this marketing situation. There is nothing in my opinion that the Federal Government can do along the lines in which I try to confine the activities of the Federal Government—and I think I may say with equal lack of hesitation that I am not noted for expanding the facilities of the

Federal Government nor for the extravagant use of tax money—better than the proposal in this bill.

Mr. SUTTON. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. SUTTON. I cannot understand why our good friend from Minnesota, a member of the Committee on Agriculture, should say that he is not in favor of this bill at this time, because last year as shown in the CONGRESSIONAL RECORD, volume 96, part 10, page 13027, he said, "I favor the passage of the bill." A few moments ago he said that the reason he was not in favor of the bill at this time was because we are at war this year while last year we were not.

This bill was passed by the House last year on August 22 when we were at war.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. Yes; under the circumstances I yield, although I must reserve my time for myself.

Mr. AUGUST H. ANDRESEN. I will try to get the gentleman more time.

I may say to the gentleman from Tennessee that I am not opposed to the purpose of the bill; I said that in my remarks. I think the purpose is good, but I do not think this is any time to commit the Federal Government to a large project when we have a decided shortage of critical material in this country, and construction costs are so extremely high. It means that the Federal Government is going to get these facilities back.

Mr. SUTTON. Did not the same conditions exist last year?

Mr. AUGUST H. ANDRESEN. No.

Mr. PHILLIPS. Mr. Speaker, I must decline to yield further.

I think the gentleman from Minnesota did say that he was in favor of it a year ago, in favor of the general provisions of the bill.

I rose to differ with my friend from Minnesota on some of the things he said about it because I think that the time element is less important than some think. I do not think that it has any immediate relationship to whether or not we adopt this bill now. Some features of the bill are as important in time of war as they would be any other time.

The first thing necessary under this bill is a complete investigation which I think could be furnished in no other way than under the provisions of this bill. If it is proven that a market is desirable in the community, then private capital will complete that market under an insurance guaranty from the Federal Government. The only Federal money that would be involved, in my opinion, would be the small amount to be spent through the marketing section of the Department of Agriculture, a section which already exists and is already financed. There would, therefore, be no Federal money. There would be an implied Federal obligation that we would insure the money used for the building of the market, and that is an obligation which in similar efforts has not proven to be an actual obligation.

Mr. KEATING. Mr. Speaker, will the gentleman yield?



Mr. PHILLIPS. I yield to the gentleman from New York.

Mr. KEATING. I know that the gentleman's fundamental ideas on the subject of the Government going into business coincide with mine. Is there any reason why the construction of these facilities could not be handled by private enterprise through private lending institutions rather than to have the Government going into that?

Mr. PHILLIPS. The lending and the building will be done by private concerns. The only reason the Government has to come in is so there will be some encouragement for the money to come in.

The SPEAKER. The time of the gentleman from California has expired.

Mr. ELLSWORTH. Mr. Speaker, I yield the gentleman from California two additional minutes.

Mr. PHILLIPS. Mr. Speaker, I thank the gentleman very much because I want to say for the benefit of my friend from Iowa, who asked whether there would be any benefit to the consumer, that, decidedly yes, there is. This is on the basis of some 20 years' investigation on my part on the subject of the cost of the product on the farm as compared with the cost to the consumer. Having investigated that subject both in this country and in other countries, I am convinced that the step we will take today by the adoption of this bill will be a very forward step.

I want to make the point that there is an alternative. If we do not adopt this bill, if we do not make it possible in some way for well-located public markets, then you need only go to cities like Philadelphia and New York and nearby cities to see what the alternative will be. That is the gradual leapfrogging of the public market and the building of great markets by the chain stores or supermarkets for their individual use.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Indiana.

Mr. HALLECK. Is there any precedent in respect to any other marketing operations for legislation of this type?

Mr. PHILLIPS. The precedent lies in the section devoted to marketing in the Department of Agriculture which lacks perhaps only the authority given in this bill and the insurance feature that is in this bill. I think it is ambiguous to state in this bill, and I have tried to have it changed in the bill, being the author of similar bills over the years, in that it appears on cursory reading to appropriate money. That in my mind is an ambiguity. What we are doing is giving the Government the right to insure.

The SPEAKER. The time of the gentleman from California has again expired.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I think this legislation is very helpful and very constructive. My views are in agreement with those expressed by the gentleman from California [Mr. PHILLIPS]. The legislation when put into effect will be of very great assist-

ance not only to the farmers but to the consumers of the country.

We have in Boston a market publicly owned known as the Faneuil Hall Market. The buildings are well over a hundred years old. The farmers come into that market with their produce in their automobiles and dispose of their produce. The city leases the property in Faneuil Hall to those wholesalers for the sale of their products.

The market in Boston, for example, is entirely out of place and entirely inadequate. They are building a new market. The Commonwealth has created a market authority, a public agency, and it will be a public activity when the new market facilities terminal is constructed.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Iowa.

Mr. GROSS. Under what terms of financing are they building this new market?

Mr. McCORMACK. If this bill is enacted into law, then the authority could obtain the benefits of this bill which, as the gentleman from California properly stated, is privately financed or guaranteed through the insurance system that we have. We have now under the FHA and we have under other activities a very sound way of the Government strengthening and inspiring private enterprise.

Mr. GROSS. But you are going to proceed with the construction of that market regardless of whether this bill passes or not?

Mr. McCORMACK. I am not so sure of that. The passage of this bill would be very helpful in that particular case and through the construction of such market it would be of great value to the farmers of Massachusetts who bring their products into the Boston market and equally of great benefit to the consumer. As I see the results of this bill, they will be very helpful to both the farmer and the consumer. It will eliminate certain middlemen.

We hear the representatives of agriculture talk about the tremendous gap between the price the farmer receives and what the consumer pays and that it is taken up by the middlemen. Here is a piece of legislation which will help meet that very situation. The bill passed this House last year without any opposition to speak of and I submit to my colleagues in this body that the legislation, well considered by the Committee on Agriculture and which we are considering now, should pass the House on this occasion.

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, I want to learn if I heard the gentleman from Massachusetts [Mr. McCORMACK] correctly. I understood him to say that the market they had in Boston was a hundred years old and that they were building a large new modern one. That is commendable. I think they are well able to build a market. Have they considered this ques-

tion of getting steel for the market, if they need any steel for its construction, and I assume they do?

Mr. McCORMACK. The question of steel has nothing to do with the bill. That is a matter to come later. The enactment of the law is one thing. I think the gentleman recognizes that fact.

Mr. HOFFMAN of Michigan. Now listen to that. Did you hear that? They are going to build a big, new market up in Boston. Maybe they are going to make it of pasteboard or something or other, so that they will not need any steel. But did anybody ever hear of the construction of a big, new, modern building without using steel? I have not. Maybe they make them of oyster shells up there, I do not know. But I do know that three school districts in the Fourth Congressional District of Michigan are asking for steel so they can complete two schoolhouses and start a third.

Getting back to this report, the purpose of the bill is to improve the marketing of perishable agricultural commodities and reduce the price spread between the producer and the consumer by encouraging the establishment, and so forth.

Out in my country the fellows who have chickens get about 40 cents a dozen for eggs. I pay 80 or 90 down here. Of course I am sore. But the difficulty grows out of the fact that I want that egg down here. I do not want to eat it up home. If I stay home I can get all the eggs I want at the lower price. Why cuss the middleman all the time—he renders a service which we demand but just do not want to pay for.

That is one trouble with the American people, they want everything in cans or packages. Nobody cures his own ham any more. Nobody puts any vegetables in the cellar. Nobody digs a pit out in the yard and buries a barrel out there with turnips and carrots and all the rest of the things, cabbage you may put in there if you want to. No; we want it in a can or we want it frozen. We want it handed to us all ready to eat, wear, or drink. Wonder if we are willing to chew our food or dress ourselves. We do not want to assume any of the duties that fall to the middleman or the fellow that serves us. But we sure kick when he asks to be paid. We, as a people, are getting soft. Both in head and body.

When you talk about establishing a market in Philadelphia, I know something about that. We had some hearings about a market there in the Eightieth Congress. What happened there and what happens in all the markets? I will give you this illustration. It is as true today as when it happened.

A marine came back from service abroad. He bought a truck. He went down on the market thinking that he would buy a load of farm produce and take it out either to the stores or peddle it on the streets. Could he do it? No. Why? Because down there was a small group. I think of three or five individuals. They had established an organization which required all the people in the big Dock Street Market to join their union and pay an initiation fee and monthly dues. That applied to the fel-

lows who owned the stores or had the stalls.

The same organization of three or five had another union which forced all the truck drivers who wanted to come in on the market to join this organization and pay monthly dues.

Then they had still another organization, which forced all the employees who worked in the stores or stalls to join up and pay. Then they had still one more. They went out and tried to organize the farmers who brought the produce in. Now there are four organizations, not middlemen, bless your heart, just profiteers and racketeers, who levied a tax on four groups of people whose services were necessary to get the produce from farmer to eater.

When we had Tom Clark up before the committee trying to convince him that those activities came within the old racketeering law, he said, "Oh, no. They are not even covered by the Hobbs amendment to the law."

Finally we got two assistant attorneys general converted and we did get the fellows prosecuted, and then some humanitarian judge decided that the sentences which had been imposed on them, and which would send them to jail because they were preventing the people of Philadelphia from getting cheap farm produce, because they were preventing the farmers from selling their produce on that market, because they were preventing the citizens, this marine in particular, from engaging in a lawful occupation which would help get that cheap food from the farmer to the consumer, the judge said, "Oh, well, let us just suspend the sentence." Until we get a little more law enforcement there is little use in building any warehouses for anyone or any purpose.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. BURNSIDE].

Mr. BURNSIDE. Mr. Speaker, in the Eighty-first Congress I introduced a companion bill to this bill. It reminds me, too, of an incident when I was a boy back on the farm driving a four-horse team of mules to a big flat cart with the sides up, and we were collecting fresh corn, slip shucking the corn and throwing it over into the wagon. We had the wagon full, and we had to go across a little edge of the bottom, and one of those wheels went down in a hole. Then I reached over and got a big whip we used to crack over the mules' heads, big powerful mules, and you could see them get down and start to stretch. They pulled up three-quarters of the way to get this wheel out of the hole, and then the trace chain on the side started to stretch and then one of the links popped. I looked down and said, "Oh, oh."

Well, this bill right now is trying to eliminate that type of weakness, a bottleneck that we have been faced with in marketing down through the years. All the gentlemen that have been sitting on the Committee on Agriculture know that this problem has been a serious one for that committee and for the Federal Trade Commission. I have checked back in the records, since 1917. The Federal Trade

Commission gave a favorable report, I believe, at that date, and then again in 1919. Then there were a number of other reports by various committees and commissions and by the Congress year in and year out over a period of many years. The Agriculture Committee of the Eighty-first Congress gave a favorable report. By the way, they have continued studying it since then, so it has been 2½ years. Well, on the floor of this House this last year, if I remember correctly, I did not hear one opposing vote. It was unanimous on the floor. But, the other body was not able to take it up due to other questions, and it died. So the people of this country suffer. I am speaking especially of perishable goods and worrying especially about perishable goods, when we speak of these wholesale and retail markets. This will give the consumer a type of vegetable which is not bruised as they are at present. It will give the consumer a better fruit or vegetable. Let us take the case of tomatoes. You know if you handle a tomato and drop it, it will be bruised. If they are unloaded from a truck, and they have to be dropped off on to a loading platform, or if a man picks up a bushel or a box of tomatoes, and throws it to another fellow, and the fellow misses it, the tomatoes get bruised, and as a result we do not have the proper type of fruit or vegetable that we should have. You know the ladies in home economics have been talking about this for a number of years. They also have been talking about the question of eating fruits and vegetables for vitamins. We hear a great deal about that. Some of the Members of this House are no doubt taking vitamin pills. Well, you can get all the vitamins you want in very nice form in food, fresh vegetables, and fruits.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. BURNSIDE. I yield.

Mr. HALLECK. The gentleman has referred to wholesale and retail outlets.

Mr. BURNSIDE. That is right.

Mr. HALLECK. As I read the bill, it seems to be limited to public wholesale markets.

Mr. BURNSIDE. Perhaps they have amended this bill so that it will deal largely with wholesale outlets.

Mr. HALLECK. I think it is limited to that.

I have one further question, if the gentleman will yield further?

Mr. BURNSIDE. I will be glad to yield to the gentleman.

Mr. HALLECK. The majority leader, the gentleman from Massachusetts [Mr. McCormack], spoke about the elimination of the middleman. I am a little concerned about that. I do not know that I want to eliminate the middleman who runs a grocery store or a legitimate wholesale market, and is performing his function in a perfectly responsible manner.

Mr. BURNSIDE. I will be glad to answer the gentleman's question in this way. In my district, in the city of Huntington, W. Va., there was a meeting of wholesalers, retailers, the chamber of commerce, organized labor, and women's clubs, consumer groups, and so forth.

There were about 300 people there, and there was not one who was opposed to this bill. Everyone was in favor of it. It is a perfect bill for a Congressman to vote for.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. BURNSIDE. I yield.

Mr. KEATING. I do not follow the gentleman's reasoning, although I agree with his conclusions that the consumer should have the best possible fruits and vegetables. But, I do not understand the connection between that result and the passage of this bill.

Mr. BURNSIDE. I will tell the gentleman in a moment. These marketing facilities, which are proposed in this measure, will be designed so as to be the best type for receiving fruits and vegetables. The experts from the Marketing Division of the Department of Agriculture will decide as to the right type and size of platform and all of those things. This will reduce the cost to the consumer. All of us will agree that if the consumer gets a better product, it will last longer in his home. The same is true with the farmer. Let us take the problem of the farmers. In my district, we produce a large amount of tomatoes. Just across the line in the State of Ohio, and in the district of the gentleman from Ohio [Mr. JENKINS], they produce a large amount of tomatoes. When you get a glut on your local market, the farmer cannot sell his produce and he says "Go out and get all you want for free." But you know that affects the purchasing power of the farmer. The businessman recognizes that very readily in my district, so he is very much in favor of this bill. This is a place where they can gather these tomatoes up. They will be collection centers. This is a cooperative action by all of these different groups; that is the reason all of them are in favor of this bill. This bill is for the purpose of giving the consumer a better product, a product which is not bruised, at a reduced cost to the consumer. It will provide a better place for the farmer and his family to come when they deliver their produce to market. Many of these old markets are in such run-down condition that the farmer does not want to bring his wife and family to them. He wants a nice clean place to bring his family. He wants a place where he can get a meal.

Mr. SABATH. Is it not a fact that many of the presently existing markets are far removed from the sections where the consumers live and are not located in the most advantageous section of the city for the purpose of delivering the produce to the consumer, and for that reason it costs more to deliver them to the consumer and causes a delay in transportation, thereby possibly causing the deterioration and destruction of fruits and vegetables?

Mr. BURNSIDE. The gentleman is absolutely correct.

Mr. Speaker, I would like to bring out another point. In many of the cities the sections have changed, and where they have the markets now you have all these trucks coming in to block traffic. The neighborhood has changed so that



they cannot handle the large number of farmers' trucks. So the trucks are backed up for blocks. The fruits and vegetables have to stay out in the open air where they may be infected by flies and vermin. In many of our States there are laws requiring the different stores to have the best type of refrigeration for the farm produce. These places do not have any refrigerated space for fruits and vegetables, and they are out in the open. It is dangerous.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BURNSIDE. I will be glad to yield in just a moment.

Mr. HOFFMAN of Michigan. I am afraid those tomatoes are going to spoil before the gentleman yields.

Mr. BURNSIDE. That is what I have been worrying about, too, for all these years, Mr. HOFFMAN. That is the thing that has worried me. The farmers who produce tomatoes and corn and other things suffer great losses every day because of the produce spoiling, so I have been worrying about that not only for the last 2 days, but for a number of years.

Mr. Speaker, this bill will mean a greater income for the farmers.

Mr. MUMMA. Mr. Speaker, will the gentleman yield?

Mr. BURNSIDE. I yield.

Mr. MUMMA. In your community, what percentage of tomatoes do Heinz and Campbell and some of these fellows use?

Mr. BURNSIDE. They would like to collect them very much. They are very much in favor of this bill. They would like to have this bill so those people could have a place to gather the produce together so that they would have a central point where they could go to get the produce to can it.

Mr. Speaker, this bill will provide a better choice to the consumer than he has now.

Who is in favor of this bill? The farmers, the retailers, the wholesalers, the chambers of commerce, labor, the brotherhood of railway workers, the teamsters—all have asked for the bill. There is unanimity there, and there was unanimity on this floor last year. This is a private-enterprise bill. Loans will be made by private enterprise. No additional cost; lending by private institutions to make possible these facilities for wholesalers and retailers; and then tremendous aid to the small-grocery stores because they will be able to get it, whereas the large-grocery stores have this service.

Mr. HOFFMAN of Michigan. Now will the gentleman yield?

Mr. BURNSIDE. I now yield gladly to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. It is my understanding that PMA has made surveys of the proposed location of one of these markets in the gentleman's district. Will the gentleman tell me whether he thinks they are locating it at the right place in the district?

Mr. BURNSIDE. They will not locate a market unless it is close to a railroad siding and also on a good thoroughfare.

Mr. HOFFMAN of Michigan. Will not the gentleman tell me whether he

thinks they are locating it at the right place in the gentleman's district?

Mr. BURNSIDE. We have to assume—

Mr. HOFFMAN of Michigan. My question is, Does the gentleman think they have chosen the right location? I understood the gentleman was protesting the location.

Mr. BURNSIDE. I am not protesting it.

Mr. HOFFMAN of Michigan. Then I have been misinformed and it is my mistake.

Mr. BURNSIDE. No; I am not protesting it. It is up to the local people to make that decision.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. BURNSIDE. I yield.

Mr. KEATING. In the list of organizations who appeared before the Committee on Agriculture, a rather impressive list, were there included the taxpayers and wage earners of the country who will have to foot this bill?

Mr. BURNSIDE. There were, of course, many taxpayers represented at the open meeting in my district, and they were very much for it.

Mr. KEATING. Was there anyone expressing their interest?

Mr. BURNSIDE. They thought they were being served when they appeared before the Agriculture Committee.

Mr. Speaker, I wish to compliment the committee on the excellent work they have done on this bill. I have gone over it very carefully, section by section. It is the exact copy of a bill I introduced. They have worked out quite a commendatory piece of work in this bill. I also wish to commend Mr. William Crow, who has done a most outstanding job for the Department of Agriculture. I have heard Mr. Crow explain just this type work which we are taking up today. I have also heard him explain it to the farmers, truckers, wholesalers, teamsters, railroad brotherhood, consumers, chambers of commerce, and retailers. I might say that back in Huntington, W. Va., there was a unanimous vote by the wholesalers, farmers, retailers, truckers, local truck associations, the workers for those truck associations, chambers of commerce, and the consumers. When you get a unanimous vote from all those people from different walks of life, you indeed must have an excellent bill. A Government servant like Mr. William Crow adds much to the efficiency of our governmental administration. Indeed he does materially add to the service rendered.

I have also heard the consumer in another way express his interest in this bill. For instance, look at the congestion here—pointing to illustrations of Boston and New York City markets. Let us consider a farmer going to a market like this with fresh vegetables. If you will go to the nutritionists, and I have gone to them, about this bill, they will tell you that the farm produce such as fresh lettuce, water cress, broccoli, or cabbage, or any of those different leafy products, if kept out on the road a long time or kept in a congested market such as this, with flies swarming on them, will certainly lose their food value.

Not only will they lose their food value, but they will have dust and disease germs on them which we do not want to have on our food. So if you have a market such as they have envisioned and which you can see from this drawing, you will notice that the trucks can back up to these market buildings and can unload goods without bruising them. If you have ever been to a wholesale or retail market such as the ones pictured here and watch them dumping out the food products, watch the lettuce and other leafy vegetables being bruised, and we do not want to have bruised lettuce on our plates, or any other type of bruised vegetable, such as tomatoes, which readily spoil. As I was saying, these trucks can load them off on the same level as the back of the truck. The same thing is true with the railway cars.

Another very important consideration is that this does not just apply to the big cities. Unfortunately my colleague did not take up the point that I am very much interested in, the middle-sized cities and the small cities. They are interested in these markets. It is a place where the farmers can get rid of their surplus foods. Let us consider the Ohio Valley, the Kanawha and Little Kanawha Valley, for example, where we raise large quantities of tomatoes, leafy vegetables, roasting ears, eggs, and so forth. Now, suppose there is a glut on the local market and they cannot sell these tomatoes. They even invite the people to come in and pick all the tomatoes they want, and large quantities of tomatoes decay in the fields.

This market facility is a place where the farmers can bring their surplus tomatoes. Then they can load them into these trucks and into the boxcars and send them to the cities. This is almost all profit for the farmer. The consumer himself will get lower prices on the tomatoes, and certainly the farmers will get a price for those tomatoes which would ordinarily spoil in the field.

I was talking to a few of our colleagues a few moments ago about fresh corn. The same thing is true about fresh corn. They can send that corn to these markets. If the shipments of corn stay around for quite a while the corn dries out and does not taste good. It will be delayed under conditions such as exists in these illustrations. Not only that, but you do not get the proper vitamins in your corn, that you should get from fresh corn. This then is a place where the farmers can go to the smaller cities as well as to the larger cities. Shipments can be transhipped much more advantageously under this bill from the small to the large cities. This bill then expedites shipments and cuts down on costs for the consumer.

The farmer can bring his wife to a place like this, which she or he will not be ashamed of. Unfortunately some of the markets which we now have are in parts of the city which are not the kind of environment that a farmer would like to take his wife. They will have rest centers in these markets, where the wives can go.

So, Mr. Speaker, here we have a most unusual situation, where we have the support of the consumer. It is ideal for

the consumer. It is ideal for the wholesaler and the retailer. I might say, too, that the wholesale grocery companies and the retail small stores are not opposed to this bill. They voted unanimously for it in two of my cities. They are in favor of this type of market.

I repeat again we have the unusual situation where we can vote for a project which will lead to better goods for the consumer, healthier citizens and better prices for the consumer because of better handling methods. At the same time, the farmer can sell his produce so that he can get a good price for it, which produce might ordinarily be lost. So Members of this great body, you can readily see this is a most unusual situation. I ask for a unanimous vote on this overdue legislation.

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Speaker, I am for this bill. I serve on the subcommittee on appropriations that supplies the Department of Agriculture. We pass on the funds for research and marketing. We are spending \$20,000,000 of the taxpayers' money every year to find out ways and means through research in marketing to get agricultural commodities, and especially perishable commodities, from the farmer to the consumer, and to do so most efficiently, to get the best grade of produce on the consumer's table. This bill vitally affects one of the most serious spots in the movement of perishables from the producers to the consumers.

This is not a retailer's bill; this is not a local warehouse assembling bill; this is a wholesaler's terminal marketing bill, and I think that when the Committee on Agriculture that has studied this bill takes the floor in general debate they will make these things clear to you. We have had some things said in the debate this afternoon that I think show some confusion about the purpose of the bill.

This bill does not, in my opinion, eliminate one single middleman, but it might make him more efficient, and it might help to get farm commodities more speedily into commerce, and that is what we want; we are trying to eliminate bottlenecks, and I think this really eliminates bottlenecks.

A very fine report accompanies this bill. I do not know who wrote it, but it is a very good report. If you will take the time to read it, there would be less confusion about this bill. I shall read a few portions to you. At the bottom of the first page of the report the following is stated:

The purpose of the bill is to improve the marketing of perishable agricultural commodities and reduce the price spread between the producer and the consumer by encouraging the establishment of modern, efficient wholesale market facilities in the large consuming areas of the United States. It would do this by authorizing the Secretary of Agriculture to insure, for a stipulated fee, loans by private lending institutions for the construction of such facilities which meet standards set out in the bill.

Then, over on page 3, the following statement is made:

It should be clearly understood that this bill does not involve any grant of Federal

funds nor any direct loans by the Federal Government for the construction of new market facilities.

And I may add some of them over a century in age and very, very inefficient. Food spoils and waste occurs. Many others of them are two generations old and older; they are in the hands of people who will or cannot improve them.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. HORAN. I yield.

Mr. HALLECK. How are those buildings built in the first place? Who built them?

Mr. HORAN. They were built by private funds, private enterprise. This bill would merely encourage their improvement. They are not being improved now, and society at large, including the farmer and the consumer, is suffering.

Mr. HALLECK. One further question, if the gentleman will permit.

Mr. HORAN. Certainly.

Mr. HALLECK. Does the gentleman have any information as to what priority assistance might be available for steel and other short supplies, in the event this program were undertaken?

Mr. HORAN. I think the gentleman has got something there that cannot be answered by me, and I do not think that even Mannie Fleischmann can answer it either, because he is being asked that question many dozens of times a day.

Mr. HALLECK. As the gentleman knows, there have been growing restrictions on the manner in which building supplies may be used.

Mr. HORAN. That is true; but things will change and materials will be available, and it will take some time. I think this provision should be in our statutory law now so it can be put into effect and serve everybody in America, from the farmer to the consumer's table.

Another thing, this bill merely appropriates \$25,000,000. Even that may not be spent. It is a guaranty fund only. There is a top limit of \$100,000,000 on the insurance fund. I think we ought to keep that in mind.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. HORAN. I yield.

Mr. PHILLIPS. I think the answer to the question raised by the gentleman from Indiana is that it is not necessary that we ask for the steel and scarce materials now, but it is necessary that these investigations start now and the designing start now so that plans will be ready when the material is available.

Mr. HORAN. I think that is right.

I hope the rule will be adopted, for I know that during general debate those of you who are interested in questioning me can get all the answers, get it from members of the committee that will have the bill in charge, men who made the studies, men who have held hearings and can answer every technical question. I hope you will stay here and ask them those questions which they are very, very capable and qualified to answer.

Mr. ELLSWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. BENDER].

Mr. BENDER. Mr. Speaker, an outstanding authority on matters pertain-

ing to agriculture is the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. Frankly, if I had not heard what he said I would be inclined to vote for the bill. On the other hand, for 3 hours this morning I had a session with the NPA and some of the other agencies. An industry in Cleveland requires zinc in the production of defense materials; they have a contract for such production, and they have had to lay off a considerable number of men because of the lack of this raw material and other raw material which is being diverted elsewhere. They are unable to pursue this job in producing essential defense materials. I listened to a radio broadcast which came as the result of the Korean conflict and I think we will hear that at least a thousand of our boys were killed last Sunday night in that hand-to-hand encounter on a hill in Korea.

Why should we at this stage of the game be passing a law to encourage further annoyance of the defense authorities and National Production Authority? We know that the materials are not available for such construction and they are not available for this sort of thing. Under the circumstances we are making a great mistake in providing for greater confusion by encouraging people to make nuisances of themselves by applying to authorities for commodities which are not available. They are not even available for defense work. How in the world can you possibly obtain these materials, as has been asked by the gentleman from Minnesota, for this enterprise?

I am so glad the question has been cleared up regarding retail markets as compared with wholesale markets. This is a wholesale marketing enterprise, not a retail marketing enterprise at all. With all the facilities now available, with all the stores now available, with all the outlets we now have for the distribution of farm products, I believe it is adding to the confusion by passing such legislation as this at the present time.

Mr. SABATH. Mr. Speaker, answering the gentleman from Indiana and the gentleman from Ohio, may I call attention to the fact that it would take perhaps a year or 2 years before the municipalities will be able to obtain suitable quarters which will be advantageous to the farmers and to the wholesaler whereby the transportation and the trucking will be reduced and facilities obtained that will reduce the cost eventually to the consumer. There cannot be any real opposition to this legislation which was approved by the House in the Eighty-first Congress but failed of consideration in the Senate.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes had it.

Mr. WHEELER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.



The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll. The question was taken; and there were—yeas 211, nays, 112, not voting 107, as follows:

## [Roll No. 183]

## YEAS—211

Abernethy	Granahan	Morton
Addonizio	Granger	Moulder
Albert	Grant	Multer
Allen, Calif.	Green	Murdock
Anderson, Calif.	Greenwood	Murray, Tenn.
Andrews	Gregory	Norrell
Anfuso	Hagen	O'Brien, Ill.
Aspinall	Harden	O'Konski
Auchincloss	Hardy	O'Neill
Bailey	Harris	Passman
Barden	Harrison, Va.	Patman
Bates, Ky.	Hart	Perkins
Battle	Harvey	Phillips
Beckworth	Havener	Poage
Bennett, Fla.	Hays, Ark.	Polk
Blatnik	Hays, Ohio	Preston
Bolling	Hedrick	Price
Bolton	Heller	Rains
Bonner	Heseltun	Rankin
Bosone	Hill	Reams
Bramblett	Hoeven	Regan
Brown, Ga.	Holmes	Rhodes
Bryson	Hope	Richards
Buchanan	Horan	Riley
Burdick	Hull	Roberts
Burleson	Hunter	Rodino
Burnside	Jackson, Wash.	Rogers, Colo.
Byrne, N. Y.	Jarman	Rogers, Fla.
Camp	Johnson	Rogers, Tex.
Canfield	Jones, Ala.	Rooney
Cannon	Jones, Mo.	Roosevelt
Carlyle	Jones	Sabath
Carnahan	Hamilton C.	Sasser
Chelf	Jones	Scott
Colmer	Woodrow W.	Hugh D., Jr.
Combs	Karsten, Mo.	Scudder
Cooley	Kearns	Seely-Brown
Cooper	Kee	Shelley
Cox	Kerr	Sheppard
Crosser	Kilday	Sieminski
Cunningham	Kirwan	Sikes
Curtis, Nebr.	Lane	Smith, Miss.
Dague	Lanham	Smith, Va.
Davis, Ga.	Lantaff	Spence
Davis, Tenn.	Larcade	Springer
Deane	LeCompte	Staggers
DeGraffenried	Lesinski	Steed
Dempsey	Lind	Stefan
Denny	Lyle	Stigler
Denton	McCarthy	Sutton
Devereux	McCormack	Tackett
Dolliver	McCulloch	Talle
Dorn	McDonough	Teague
Doughton	McGregor	Thompson, Tex.
Eberhart	McGuire	Tollefson
Elliott	McKinnon	Trimble
Engle	McMillan	Van Zandt
Evins	McMullen	Watts
Fallon	Mack, Wash.	Welch
Feighan	Madden	Whitaker
Fernandez	Mahon	Whitten
Fisher	Mansfield	Wickersham
Flood	Marshall	Widnall
Forand	Martin, Iowa	Wier
Ford	Meador	Williams, Miss.
Forrester	Morrow	Winstead
Fugate	Miller, Nebr.	Withrow
Furcolo	Mills	Wolverton
Gary	Mitchell	Yorty
Gathings	Morano	Zablocki
Gordon	Morgan	
Graham	Morris	

## NAYS—112

Adair	Blackney	Crawford
Allen, Ill.	Boggs, Del.	Crumpacker
Andersen,	Bray	Curtis, Mo.
H. Carl	Brehm	Davis, Wis.
Andresen,	Brown, Ohio	D'Ewart
August H.	Brownson	Dondero
Angell	Budge	Ellsworth
Arends	Buffett	Elston
Armstrong	Bush	Fenton
Ayres	Butler	Frazier
Bakewell	Byrnes, Wis.	Gamble
Bates, Mass.	Chenoweth	Gavin
Beamer	Chipfield	George
Belcher	Church	Golden
Bender	Clevenger	Goodwin
Bennett, Mich.	Cole, N. Y.	Gross
Berry	Corbett	Hale
Betts	Cotton	Hall
Bishop	Coudert	Edwin Arthur

Hall,	Norblad	Simpson, Ill.
Leonard W.	O'Hara	Smith, Kans.
Halleck	Ostertag	Smith, Wis.
Harrison, Wyo.	Poulson	Taber
Hess	Prouty	Thomas
Hoffman, Mich.	Reece, Tenn.	Thompson,
Jenlson	Reed, Ill.	Mich.
Jenkins	Reed, N. Y.	Vall
Jensen	Rees, Kans.	Van Pelt
Judd	Riehlman	Velde
Kearney	Robeson	Vors
Keating	Rogers, Mass.	Vursell
Kilburn	St. George	Werdel
Lovre	Saylor	Wheeler
McConnell	Schwabe	Wigglesworth
McVey	Scrivner	Williams, N. Y.
Miller, N. Y.	Secrest	Wilson, Tex.
Mumma	Shafer	Wolcott
Nelson	Sheehan	Wood, Idaho
Nicholson	Short	Yates

## NOT VOTING—107

Aandahl	Gwinn	Morrison
Abbitt	Hand	Murphy
Allen, La.	Hébert	Murray, Wis.
Baker	Heffernan	O'Brien, Mich.
Baring	Herlong	O'Toole
Barrett	Herter	Patten
Beall	Hillings	Patterson
Bentsen	Hinshaw	Philbin
Boggs, La.	Hoffman, Ill.	Pickett
Bow	Hollfield	Potter
Boykin	Howell	Powell
Breen	Ikard	Priest
Brooks	Irving	Quinn
Buckley	Jackson, Calif.	Rabaut
Burton	James	Radwan
Busbey	Javits	Ramsay
Case	Jonas	Redden
Celler	Kean	Ribicoff
Chatham	Kelley, Pa.	Rivers
Chudoff	Kelly, N. Y.	Sadlak
Clemente	Kennedy	Scott, Hardie
Cole, Kans.	Keogh	Simpson, Pa.
Dawson	Kersten, Wis.	Sittler
Delaney	King	Stanley
Dingell	Klein	Stockman
Dollinger	Kluczynski	Taylor
Donohue	Latham	Thornberry
Donovan	Lucas	Vinson
Doyle	McGrath	Walter
Durham	Machrowicz	Weichel
Eaton	Mack, Ill.	Wharton
Fine	Magee	Willis
Fogarty	Martin, Mass.	Wilson, Ind.
Fulton	Mason	Wood, Ga.
Garmatz	Miller, Calif.	Woodruff
Gore	Miller, Md.	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Vinson for, with Mr. Herlong against.  
Mr. Morrison for, with Mr. Gwinn against.  
Mr. Hébert for, with Mr. Busbey against.

Until further notice:

Mr. Abbitt with Mr. Eaton.  
Mr. Burton with Mr. Case.  
Mr. Chatham with Mr. Simpson of Pennsylvania.  
Mr. Garmatz with Mr. Taylor.  
Mr. Fogarty with Mr. Weichel.  
Mr. Patten with Mr. Hand.  
Mr. Wood of Georgia with Mr. Aandahl.  
Mr. Redden with Mr. Beall.  
Mr. Rivers with Mr. Stockman.  
Mr. Boykin with Mr. Mason.  
Mr. Doyle with Mr. Miller of Maryland.  
Mr. Rabaut with Mr. Murray of Wisconsin.  
Mr. Miller of California with Mr. Cole of Kansas.

Mr. Magee with Mr. Herter.  
Mr. King with Mr. Hinshaw.  
Mr. Chudoff with Mr. Baker.  
Mr. Barrett with Mr. Latham.  
Mr. Donohue with Mr. Wilson of Indiana.  
Mr. Philbin with Mr. Sittler.  
Mr. Walter with Mr. Fulton.  
Mr. Boggs of Louisiana with Mr. Javits.  
Mr. Buckley with Mr. Hillings.  
Mr. Murphy with Mr. Sadlak.  
Mr. Keogh with Mr. Jackson of California.  
Mr. Quinn with Mr. James.  
Mr. Clemente with Mr. Kean.  
Mr. Delaney with Mr. Jonas.  
Mr. Donovan with Mr. Hoffman of Illinois.

Mr. Dollinger with Mr. Wharton.  
Mr. Klein with Mr. Patterson.  
Mr. Fine with Mr. Bow.  
Mr. McGrath with Mr. Potter.  
Mrs. Kelly of New York with Mr. Radwan.  
Mr. Heffernan with Mr. Kersten of Wisconsin.  
Mr. O'Toole with Mr. Woodruff.

Mrs. BOSONE changed her vote from "nay" to "yea."

Mrs. ROGERS of Massachusetts and Mr. LEONARD W. HALL changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 39) to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 39, the Marketing Facilities Improvement Act, with Mr. BECKWORTH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will have 30 minutes and the gentleman from Kansas [Mr. HOPE] 30 minutes.

Mr. COOLEY. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, pursuant to acts of Congress heretofore passed, the Department of Agriculture has conducted extensive studies of marketing facilities in different parts of the country and it has made numerous reports from a number of cities showing exactly what the conditions are in the various places where the investigations have been made.

As far back as 1945 the Committee on Agriculture has been interested in this problem which we are bringing before the committee at this time. We have had subcommittees that visited terminal markets in all of the metropolitan areas of the eastern seaboard and in other parts of the country, and time and again we have been before the Rules Committee and we have been before this House asking for money and authority to do something about this wide spread between the producer and the consumer.

While this bill comes from the Committee on Agriculture, it is not entirely in the interest of the farmers of this Nation. We believe that it is in the interest of the general welfare of all the people in this great country. These markets are a disgrace. Then you ask me, why should not a city like New York or Boston finance the building of its own marketing facilities?

In answer to that, I will say that I believe these big markets operate so extensively that they are actually impressed with a national interest and only through the encouragement of and with the assistance of the Federal Government will such marketing facilities be modernized.

We are suggesting in this legislation that the municipalities with the aid of the Federal Government do for the public what private industry is doing for itself. The A. & P. operates efficiently. It handles produce efficiently and effectively distributes it and you will find that they have built their own marketing facilities.

We visualize market facilities that are easily accessible to trains and trucks for the farmers to go into the facility and make deliveries, for the retail merchants to go into wholesale markets to buy their requirements and their needs for the consuming public. As I pointed out a moment ago, the A. & P. has a beautiful warehouse between Richmond and Petersburg, Va., with a railroad track at the back door and a highway at their front door. They operate efficiently. Consequently they make it difficult for the inefficient operator to compete with them.

We bring this bill to you in the honest belief that we will provide authority which will be beneficial to the public, and I want to say frankly I am surprised at the opposition which has developed here in the last couple of hours.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I do not yield. If the gentleman who opposes this bill will study it like the members of the Committee on Agriculture have studied it, and if they will read the report, they will come to the same conclusion we have. I do not believe the gentleman who wants me to yield has read the bill and the report.

Mr. HOFFMAN of Michigan. The gentleman is just as mistaken as he can be by that statement.

Mr. COOLEY. I do know that other Members know what they are talking about. This bill came before the House previously, and I suppose you voted for it. There is no record that you voted against it.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

Mr. COOLEY. I did not mention your name and I do not yield to you.

The CHAIRMAN. The gentleman from Michigan will state his point of order.

Mr. HOFFMAN of Michigan. My point of order is that the gentleman has no right to refer to a Member and use the word "you."

Mr. COOLEY. I am speaking to the House.

The CHAIRMAN. The gentleman from Michigan is correct. The gentleman from North Carolina will proceed in order.

Mr. COOLEY. Mr. Chairman, I am proceeding in order. I said that the House, which includes every Member, made no protest against this bill. It passed unanimously, as I recollect it. There was no opposition before the Rules Committee. Yet we come here and meet opposition which is surprising to us, from people who have actually served on the subcommittee, who have traveled up and down the country and have examined these various markets.

Mr. Chairman, who is for this bill and who is against it? Forty witnesses appeared in favor of the bill and 87 people and organizations submitted statements in support of it. I dare say there were not a dozen witnesses or statements submitted in opposition to it and every man who opposed it had a definite vested interest in some marketing facility or in some storage warehouse.

Where is the opposition? I wish you would look at the list of witnesses who appeared. Certainly, I have no selfish interest in this measure. I am not engaged in the marketing of agricultural produce through these markets but my farmers and your farmers do trade in these markets. Your consumers and my consumers are affected by the transactions in these markets. I do not know why the opposition should develop. The bill does not appropriate any money for even administrative expenses. We have been assured by the Department of Agriculture that through its own marketing branch it could administer this bill without additional expenditure of funds, only by using personnel now available and funds that are now appropriated.

We were asked the question here, what about the cost? The record shows there will be no cost. We will use manpower we already have employed.

Let us see what the bill provides. It provides only for a guaranty of loans for the building of facilities, the design of which and the location of which have been approved by marketing experts. The opposition comes only from those who are now operating these rat holes. If you do not believe they are rat holes, go into the Washington Street Market in New York City and spend the night there as our committee did, all night long, seeing the inefficient operation and the unsanitary conditions and the waste and spoilage of foodstuffs.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Iowa.

Mr. GROSS. Do they not have a sanitary code in the city of New York?

Mr. COOLEY. You go to the Washington Street Market and see what you think of the sanitary code that is in operation there. The thing about it is that in that one market farmers from 40 States do business, from your State and my State, from 40 States of this Union. When that produce goes into that market it is fanned out to several other States, from New York into Connecticut, West Virginia, and other States.

We are not trying to affect the business of any legitimate businessmen in the country. If you will read the record and read the report you will see that in New York it costs, I think, \$115 to unload a carload of produce in the inefficient manner in which it is being unloaded and handled, and right in the same city the A. & P., a private concern, unloading the same size car of the same produce, does it for only \$9. That same situation is true in Chicago, where it

costs \$75 to unload a car of produce in that inefficient market that is being operated there, whereas the A. & P. is doing it for \$9 a car.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. KEATING. Is there any reason for us to suppose that the passage of this bill would cure that condition any better than to have a new private organization take over the administration of that marketing facility?

Mr. COOLEY. Is the gentleman encouraged to believe that those who own and control and operate the property in the Washington Street Market are ever going to improve that condition, when it has existed there for more than 100 years? Nobody there is even trying to do anything about it. If we could put a market there easily accessible to trucks and trains and to retail merchants and consumers, the property now being used could be used for something else. Of course, we expect to benefit the consumer and the producer both by this legislation. The Farm Bureau is for this bill, the Grange is for it, and every farm organization in the country is for it. We did not even have any labor teamsters unions come before us in opposition to it.

Mr. KEATING. The point I do not understand is why there should be the loaning of money by the Federal Government rather than the loaning of the money by private enterprise.

Mr. COOLEY. I know what the gentleman is talking about. Why are we building all these big apartment houses, why are we building all these housing projects, why are we underwriting loans to build homes on farms and in cities? Because the people themselves need the credit, aid, and assistance. This is to encourage the building of better markets.

Mr. KEATING. In those cases there has been a desire and demand for the accomplishment of the objectives which private enterprise could not accomplish.

Mr. COOLEY. Do not tell me that private enterprise could not build six-room houses.

Mr. KEATING. Is there in this case any evidence in the record of a demand on the part of these authorities for the Government to go into the loan business for this construction?

Mr. COOLEY. Certainly. The city of Richmond right now has the plans all ready. They are ready to start to build the market. They cannot get the money from private sources. The private banks will not make long-term loans. These are self-liquidating long-term loans. The Government could conceivably actually make a profit because of the interest rate that is charged.

Mr. HOPE. If the gentleman will yield, the gentleman from New York is asking a question predicated on the idea that the Government is going to make direct loans for the construction of these facilities. As a matter of fact, this bill does not contain any provision for direct loans, it contains provisions only



for insuring loans made by private industry to Government.

Mr. KEATING. I appreciate that point, but my point is that I have not yet known, until the gentleman mentioned the Richmond case, of the crying demand for the Federal Government to go into this new guaranteeing project.

Mr. COOLEY. If the gentleman will read the hearings in the last session he will see that there is a crying need. The gentleman from Massachusetts [Mr. McCORMACK] has said a new market is badly needed in Boston. Boston is not going to build it. It is waiting for this bill to go through, so it can have the benefits of its provisions.

Mr. KEATING. The gentleman did not say that Boston was waiting for this.

Mr. COOLEY. The gentleman from Massachusetts did not say so but I am saying so because I have been told that.

Mr. KEATING. That explains a good deal of the reason for this legislation.

Mr. COOLEY. They have beautiful designs for the market in New York. It is the location we are interested in.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. ALBERT. We certainly have had groups from Philadelphia expressing an interest in trying to get started there.

Mr. COOLEY. Certainly we have had them, from just about every big city around the country.

Mr. KEATING. I am not familiar with that, but I am glad to be informed about it. In my particular area there is a municipal authority that has a market there, and they have conducted it on their own. So far as I know, they are not asking for loans from anyone. It is well conducted.

Mr. COOLEY. All right; that may be true.

Mr. KEATING. I hesitate to favor the Federal Government going into a new activity like this at this particular time.

Mr. COOLEY. I do not know what city the gentleman has referred to. I will ask any Member who has any doubt in his mind about it to visit one of these markets. The reason they are vital is that prices throughout the country are affected by the prices fixed on the New York market and other big markets. People look at what the produce is selling for in New York or Chicago, where the most inefficient markets in the world are located. The House has authorized our committee to do something about it. This is the second time we have brought the bill here. The first time we met with no opposition. It was unanimously supported by the committee. We think it is a good bill. To show you how important a Member of the other body thought it was, he actually had a bill providing for grants. No grants of Federal funds is provided for in this bill. No losses are even contemplated. We only authorize \$25,000,000 for a revolving fund in the event of a default so that the Government can step in and pick up the loan until the property can be put back into use.

Mr. KEATING. But the \$25,000,000 is an immediate appropriation, is it not?

Mr. COOLEY. That is right. But it cannot possibly be used unless there is a default, and you will also note that not a penny of it can go for administrative expenses.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GRANGER. For years the contention has been made that there is a wide spread between what the farmer gets for his products, and what the consumer has to pay. As I understand it, the Committee on Agriculture throughout the years has appropriated a great deal of money to get the answer to the problem, and find out what is the reason for this spread.

Mr. COOLEY. That is right.

Mr. GRANGER. As I understand it, your committee did get an appropriation to study this problem to try to find the answer. From your investigation, as I understand it, this is one of the serious problems that you found which raised the prices to the consumers.

Mr. COOLEY. Certainly, and it developed in the hearings that 50 percent of the housewives' dollar in New York City is attached to the price of agricultural produce after it reaches the river in sight of the wholesale market. Imagine that—50 percent of the dollar, including what it costs the farmers to produce it and what it costs to transport the produce from California or Texas and other States to New York.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. The gentleman does not expect this bill to cure that, does he? This provides for wholesale facilities.

Mr. COOLEY. It is for the purpose of putting the facility in a more accessible place both for the merchants and the farmers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, practically every Member of the House admires, respects, and—if that word can be used—has affection for the gentleman from North Carolina [Mr. COOLEY]. But, certainly, I for one, and I have gone along with him many, many times, was shocked by the attitude he took on this bill just a few moments ago. One listening would think we who opposed this measure were almost guilty of treason just because we do not go along with the position which he takes.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I will yield to the gentleman if he will yield me 2 minutes.

Mr. COOLEY. I will yield the gentleman 1 minute.

Mr. HOFFMAN of Michigan. All right; now you may go ahead and use it.

Mr. COOLEY. The gentleman knows I am not offended, and I will not be offended if the bill is defeated. I am intensely interested in it, and my committee is intensely interested in it. I had not anticipated the slightest opposition to it.

Mr. HOFFMAN of Michigan. All right; the gentleman did not anticipate the slightest opposition, but when he finds there is opposition, he questions the motives of those who oppose his position.

Mr. COOLEY. The gentleman is wrong about that. I do not question your motive or the motive of anyone else. I said that I was surprised when the opposition came. I told the leadership that we expected no opposition.

Mr. HOFFMAN of Michigan. We will let the record stand as it is, and as the gentleman made it. I repeat, the gentleman was apparently outraged because anyone should oppose this bill. Now that is an entirely new attitude for the gentleman to take and it does not fit his character or previous conduct—not at all. But I still love him and admire him and respect him. But he is not going to get away with that kind of a statement without having it challenged. Some of us have something to say in opposition to the bill, and I trust that the gentleman as he sleeps tonight, or if he has wakeful moments during the night, will reach the conclusion that perhaps he alone is not the sole possessor of the facts that we should rely upon.

Mr. COOLEY. The gentleman referred to a statement that I made. I would like to know what the statement is.

Mr. HOFFMAN of Michigan. One statement to which I referred was when the gentleman said, and I quote:

I believe the gentleman who wants me to yield—

And I was the one who wanted him to yield—

has not read the bill and has not read the report.

I made answer:

The gentleman is just as mistaken as he can be by that statement.

I read the report, although I have not read all of the bill, which I will do before it comes up under the 5-minute rule. I assumed that the report was an accurate statement of the purpose and contents of the bill.

Then the gentleman continued, and again I quote:

Mr. COOLEY. I do know that other Members know what they are talking about. This bill came before the House previously, and I suppose you voted for it. There is no record that you voted against it.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

Mr. COOLEY. I did not mention your name and I do not yield to you for any points of order.

The CHAIRMAN. The gentleman from Michigan will state his point of order.

Mr. HOFFMAN of Michigan. My point of order is that the gentleman has no right to refer to a Member and use the word "you."

Mr. COOLEY. I am speaking to the House.

The CHAIRMAN. The gentleman from Michigan is correct. The gentleman from North Carolina will proceed in order.

Mr. COOLEY. Mr. Chairman, I am proceeding in order. I said that the House, which includes every Member, made no protest against this bill.

Mr. HOFFMAN of Michigan. That is the way the RECORD stood when I made the point of order and before revision of which I make no complaint.

The gentleman, for whom, and I repeat, I have the utmost respect, just forgot that he, after I had asked him to yield, was referring to, looked directly at, and addressed me, as I sat in front of him while he was speaking.

This might be called a tempest in a teapot, but I just do not like being lectured on my right to speak or to oppose proposed legislation challenged from the well.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am a member of the Committee on Agriculture, and if I may have the attention of my distinguished chairman—

Mr. COOLEY. The gentleman may have my undivided attention.

Mr. AUGUST H. ANDRESEN. I thank the gentleman. I also was a member of the subcommittee since 1945 to investigate the marketing facilities and wholesale markets in the different areas of the country. I am for the purpose and objective of this legislation. The chairman well knows that he was not taken by surprise. I objected in the committee to reporting out this legislation because it contained a commitment on the part of the Federal Government to insure and guarantee loans for the building of these worthwhile projects throughout the country. So there is no difference in the attitude of the chairman of the committee and myself. I think the timing is wrong. I think we are undertaking a new commitment that will obligate the Federal Government in the construction of projects which will require Federal money because the construction costs are too high. The people who will enjoy these facilities, and who will get these loans, will not be able to meet the commitments, and you will find that the Federal Government will have to take over these projects under the guaranty provided in the law.

Mr. COOLEY. The gentleman knows that this is identically the same bill that you voted for and supported last year.

Mr. AUGUST H. ANDRESEN. Yes.

Mr. COOLEY. And you are engaged in the same war that we were in last year.

Mr. AUGUST H. ANDRESEN. Certainly we are.

Mr. COOLEY. Certainly.

Mr. AUGUST H. ANDRESEN. We are in war now.

Mr. COOLEY. That is right.

Mr. AUGUST H. ANDRESEN. Not only Korea where we have had nearly a hundred thousand casualties and for which in this session of Congress we have authorized \$60,000,000,000. We authorized and spent \$30,000,000,000 last year.

Mr. COOLEY. The gentleman has a perfect right to change his mind.

Mr. AUGUST H. ANDRESEN. We are also committing the country to arm the various countries of Western Europe which is another commitment; and the total appropriations in the first session of the Eighty-second Congress will be close to \$80,000,000,000.

Mr. COOLEY. The gentleman has a perfect right, of course, to change his mind.

Mr. AUGUST H. ANDRESEN. No; I did not change my mind.

Mr. COOLEY. Then the gentleman is still for the bill.

Mr. AUGUST H. ANDRESEN. I am still for the purpose of the bill, but I do not think that this is the proper time to go into a new project to commit the Federal Government to large undertakings which are provided for in this bill.

The gentleman may say that this is not going to cost the Federal Government anything, but the Federal Government insures these loans at a time when we have scarcities of material, when construction costs are at least twice as much as they were last year. Now, can you imagine these people who will come in? It would include Boston—people who would come in to get these insured materials; can you imagine that they are going to be able to rent out these properties so as to bring in returns large enough to pay the payments they have to get to repay the loans? Not by a long shot. If they could do that they would be out there building their own facilities now with their own money without any interference from the Government.

Mr. BURNSIDE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. BURNSIDE. Is it not a principle that they will not even agree to guarantee a loan unless there are sufficient rentals to take care of the operating expenses?

Mr. AUGUST H. ANDRESEN. They do not have to give any kind of guaranty like that at all; all they have to put up is \$45,000 under the terms of the bill to show that they have got \$45,000 to go in there and they may build a \$10,000,000 facility, for the bill provides for that, and have up to 85 percent of the loan insured; so if that is not a commitment on the part of the Federal Government, then I do not read the language of this bill or any other law enacted by Congress.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. HOFFMAN of Michigan. And we have before one of the House standing committees now an investigation into the matter of priorities, how to get steel for schoolhouses and hospitals, hospitals to take care of returning veterans.

Mr. AUGUST H. ANDRESEN. That is right. Every one of us spends part of every day on the telephone and in personal meetings with the NPA trying to get critical material for necessary projects in our respective districts.

Now, if we start to permit the building of all these wholesale markets they want to build in Boston, New York, Philadelphia, Richmond, Wheeling, and all of these other communities then we will indeed have a very difficult situation in these critical materials.

As I said, I am not in disagreement with the purpose and need of this legislation; I think the timing is very bad.

We are in a tight place. We are told that we are carrying on a war; it is no longer "police action"; we are in a total war and we are preparing now to go out and arm the rest of the world, at least the countries that are friendly to us.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. KEATING. Would all of these municipalities, including Boston, proceed with the construction of these facilities unless they get some Government help at this time?

Mr. AUGUST H. ANDRESEN. No; this money just goes to those cities and municipalities where they cannot get the money locally to finance construction of the projects.

Mr. KEATING. Is it not true that in some of these cities private enterprise is not able to get the money locally?

Mr. AUGUST H. ANDRESEN. You would think if they could earn 3, 4, or 5 percent that they would be able to go ahead and get local capital; but what local capital wants is for the Federal Government to guarantee that these loans will be repaid by the Federal Government or by the borrowers. Private capital will not assume the risk without the guaranty of the Federal Government that the loans will be repaid.

Mr. HOPE. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, extensive hearings were held last year by the Committee on Agriculture on a bill which provided direct Federal loans for the construction of marketing facilities.

I opposed that bill and I would oppose any legislation now providing for direct Federal loans. I think all of us know what would happen in that case; there would be a lot of communities and a lot of individuals who instead of trying to finance the thing themselves in their own communities would simply come down to the Federal Government and apply for a loan. I do not believe in that kind of business.

But I know and it was developed fully at the hearings that an enterprise of this kind is difficult to finance through the regular banking facilities in a community because it has to be a long-time proposition, in some cases as long as 30 or 40 years.

National banks and most other financial institutions cannot lend money on long enough terms to finance a proposition of this kind directly.

The committee after full consideration of the matter decided to eliminate entirely the provision for direct Federal loans, but to retain that part of the bill which provided for Government insurance for loans to finance these facilities. That is what this bill provides. It is my opinion that when any local community goes out and arranges for the financing of a proposition of this kind they may find they can carry it themselves because before anyone can come in here and apply for an insured loan they must make all of their arrangements for financing it. They must arrange for the money and the terms under which it will be lent. After they have done that they may conclude in some cases, "We might



as well go ahead and handle this ourselves and not pay that one-half-percent premium we would have to pay for the insurance if we get it through the Federal Government." It is my belief that is what will happen in a good many cases.

In any event what we are going to have here if this legislation passes are not Government loans, but loans negotiated through private industry in the local communities, either by municipalities or by private individuals or corporations set up for this purpose. I think this plan will work. It is sound because the bill provides that not more than 85 percent of the cost shall be subject to this insured provision. In other words, those who are putting up these markets must supply either 15 percent of the cost, or \$45,000, whichever is the greater, and I believe with that margin and with the other safeguards provided in the bill these loans can be made without risk and that they will be successful.

Mr. Chairman, this bill is the result of extensive studies and hearings by the Committee on Agriculture and special subcommittees thereof. That has already been mentioned by other speakers. I happen to know a great deal about that because I served on these special subcommittees and am familiar with all the work that has gone into this question for a period of the last 7 or 8 years. As a result of those investigations the committee has concluded that the greatest single difficulty which exists at the present time in the marketing of perishable agricultural commodities is due to the chaotic market system that prevails in many of the large cities of this country.

You may ask, why do not the local people themselves improve those facilities? What we are up against in most cases is a system of vested interests which would like to continue the present situation. They are doing all right. But the public is suffering, the producer is suffering, the consumer is suffering. The people who are operating these markets in Philadelphia, in New York, in Boston and other cities are doing very well under the status quo. But the public is doing very poorly under that arrangement.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Iowa.

Mr. GROSS. Why are not those who have made these profits through the years building these market facilities? They have made the enormous profits. Why are not they building these facilities?

Mr. HOPE. They are not suffering under the present situation. They are making profits right now.

Let me tell you something about the situation in Philadelphia which the gentleman from Michigan [Mr. HOFFMAN] mentioned a while ago. You have four or five markets altogether in Philadelphia, some of them operated by the railroads, some by the merchants under long-term leases. Some of them are absolutely antiquated. The Dock Street Market is not adjacent to any railroad.

You have to truck everything into it. Go down to the Pennsylvania Terminal and when they unload your produce there then someone has to truck it to the Dock Street Terminal. The B. & O. has another terminal from which all incoming shipments must be trucked to Dock Street or other truck markets. The Teamsters Union is not in favor of building a new terminal in Philadelphia where all of the produce can come into one terminal and all cross hauling can be eliminated; the Pennsylvania Railroad is not in favor of it; the B. & O. is not in favor of it; the owners of the buildings in which the present Dock Street Market is located are not in favor of it. They are profiting by the status quo. The consumers in Philadelphia are paying the bill. This same situation prevails in many large cities in this country and it is that which we are trying to improve and remedy under this legislation.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I listened with a great deal of interest to the debate on the rule and I listened to my very good friend, the gentleman from North Carolina [Mr. COOLEY] who stated that one large organization built a great warehouse and marketing development somewhere between Richmond and Petersburg, Va., because, evidently, the need was there. The gentleman from North Carolina [Mr. COOLEY] evidenced that that had brought about a very highly competitive situation which made the situation at Richmond more desperate. In view of the fact it is evident that the gentleman's thinking is along the line of that of the gentleman from North Carolina [Mr. COOLEY], I should like to ask whether the successful operator should be penalized because he has taken the initiative to become a successful operator and the other people who are in competition with him and to whom the gentleman from North Carolina [Mr. COOLEY] refers as being inefficient, the Government should step in and build these marketing warehouses and subsidize them as it may have to, because if there is a loss and they fail to operate profitably, why, eventually, the American taxpayer pays that loss. The question I want to ask is, Is it a crime to be a successful operator in business in America today?

Mr. HOPE. Let me answer the gentleman in this way. If I understood the gentleman from North Carolina correctly, and I want him to advise me if I misunderstood him, the warehouse that he mentioned was constructed by one of the large chain stores.

There exist in a number of the larger cities today warehouses which have been put up by the A. & P. and by other large chains or distributing organizations that are operating efficiently, but the trouble is that their competitors, the small merchants or small wholesalers who have to depend upon the public markets, are not able to erect those facilities to compete with the large chain stores. The result is that unless there are facilities which are available to the independent merchants,

both wholesale and retail, these large chains will take over all of the distribution of fruits and vegetables in the large metropolitan areas. It will mean monopoly. I think that is what will happen. It will almost inevitably happen if we do not meet that situation in some such way as this. We want to meet it in a free enterprise way. We do not want the Federal Government to finance it by direct loans.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. I think the gentleman is making a very compelling argument but there is one question I still have in my mind. Let us assume that this bill becomes law. Then many communities will very understandably start applying for a guaranteed loan to build a new marketing facility. Where is the material coming from to build those facilities?

Mr. HOPE. It is going to depend a good deal on what type of facility they build. In a good many instances I think these buildings can be constructed without a great deal of scarce materials. Concrete would probably be the principal material that would be used. I do not think you could build a concrete facility of the type you would want in Philadelphia or New York without the use of some critical materials. But it seems to me that this is the time when we should be thinking about what we are going to do when this period of scarcity is over. Mr. Wilson and others say that this tight situation is not going to last more than a couple of years, so why not pass this legislation now and let those interested make their applications, let them go out and arrange for the financing, and be all ready so that when material is available they can go ahead with construction.

Mr. COOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I rise simply to call the attention of the House to the fact that there is a definite saving to be made to the consumer and to the producer if we can eliminate the waste that goes on in our terminal markets. The Washington Street Market in New York sets the pattern of prices for all the markets in the United States. If the price goes up there the price goes up elsewhere, and vice versa.

The biggest item of cost in the Washington Street Market is physical waste, I mean the actual loss of the edibility of the products that come in there. Those products come in by truck or by train. There is no way whereby a truck can back into a dock, as in most modern places in the United States today, and this was built 150 years ago. It must unload out in the street. The produce sits there in the boiling sun for hours and hours. Then it is carried off in a hand truck, with somebody moving 100 pounds at a time. The public pays for all of that, and we want to stop that payment.

Mr. SHAFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHAFER. I would like to know why we should sit here so late at night over a question like this when we do not have anything to do tomorrow.

The CHAIRMAN. The Chair does not feel that is a parliamentary inquiry.

Mr. SHAFER. Then, Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. SHAFER. Mr. Chairman, I withdraw my point of order, but I do move that debate be closed now and that we vote on the bill.

The CHAIRMAN. The motion of the gentleman from Michigan is not in order at this time.

Mr. COOLEY. Does the gentleman from Kansas have any further requests for time?

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. BROWNSON].

Mr. BROWNSON. Mr. Chairman, the Legislature of the State of Indiana is now engaged in a deliberation within our State over the principle of whether or not the Federal Security Administrator down here in Washington can tell the State of Indiana how it is going to run its own welfare problems. We, in the State of Indiana, or at least some of us, think that much the same moral problem of States rights is involved here. We believe we have local capital to build suitable marketing facilities. We believe we have local financing adequate for the task without Federal guaranties. We believe we have local businessmen farsighted enough so that they do not need to come to Washington to learn how to build a warehouse, or to come to Washington in order that we may have guaranteed finances for private enterprise construction in the State of Indiana.

The principle involved here is as clear as the principle involved in Indiana's fight against Federal dictation over welfare activities. It is the principle so eloquently enunciated by Thomas Jefferson when he said, "Were we to be directed from Washington when to sow and when to reap, we should soon want bread. Our country is too large to have all of its affairs directed by a single government."

I was interested in listening to the distinguished chairman of the committee, when he pointed out that one of the endeavors behind this legislation was to compensate for the efficiency of the A. & P. Tea Co.'s commodity warehousing program by subsidizing the apparent inefficiency of some of their smaller competitors with Government loan insurance at the general taxpayer's expense. I was also interested in reading the report the distinguished gentleman, chairman of the great Committee on Agriculture, referred to in order to find out which were the cities in which he says there is racketeering in food handling which has taken the money out of the people's pockets.

This list of cities cursed with racketeering includes some of those named—New York, Boston, St. Louis, San An-

tonio, Columbia, S. C., Louisville, and my own city, Indianapolis. It is no coincidence that every one of these cities has a Democratic city administration. The racketeering problems in these cities, to which the distinguished chairman referred, should be cleared up by courageous local administration, not by asking for Federal funds to back up a construction loan program.

Indianapolis does not need this type of Federal subsidy to encourage its own citizens to look after the needs of their community. On page 159 of the hearings before the Committee on Agriculture, Mr. Paul T. Rochford, Indianapolis Produce Terminal, Inc., who testified in favor of this bill honestly admits that financing for the type of marketing facilities under discussion here, exists without Government loan insurance. He says, and I quote as follows:

However, we have been negotiating with five other insurance companies, and I feel reasonably certain, if the United States of America fails to help us down there a little bit by passing this bill, which is flexible enough to take care of all if's and and's that may come up, that two or three of these insurance companies will come to our rescue and carry the proposition forward.

The distinguished chairman of the committee has repeatedly referred to the fact that this body approved this bill in the last session. May I respectfully remind him that there are some of us here who did not have the honor to serve in the Eighty-first Congress and, conversely that some of the Members who were here in the Eighty-first Congress and who voted for his bill, did not return.

When I campaigned for this office, I pledged to my constituents that I would fight relentlessly against nondefense spending. To me, the appropriation of \$25,000,000 for the revolving fund represents nondefense spending.

The Committee on Expenditures in the Executive Departments has been holding hearings on the shortages of steel which are affecting local and State governments in their attempts to provide hospitals, schools, sewage disposal, roads, and bridges in vital defense areas. I know that every Member of the House has received urgent letters asking for help in securing building materials for the local echelons of Government closest to the people. I know that they are not getting that steel because the Bureau of Roads told us that after being drastically cut in their requests, they still issued orders for 85,000 tons of steel under the CMP which the steel mills were unable to fill during the third quarter.

You have been led to believe that all of the civic organizations, farm bureaus, and labor unions for which we have so much respect, favor this bill. I am sure that they are all interested in improving the marketing of perishable agricultural commodities and in reducing the price spread between the producer and the consumer by encouraging the establishment of modern, efficient wholesale market facilities in the large consuming areas of the United States. So am I. But, not one of these organizations has written me in favor of this bill. In fact, every letter I have had from my district opposes this bill and gives thoughtful

reason for resisting further encroachment of the Federal Government into the affairs of Indiana by the provision of loan insurance hedged with requirements which will dictate the methods, location, design, area, cost, operation, rental, and alteration policy of that facility.

The letter from the Indianapolis Chamber of Commerce which I will quote in full at this point is typical of the correspondence I have received from my district in opposition to the principles underlying this entry of Government into a new field:

THE INDIANAPOLIS CHAMBER  
OF COMMERCE,

Indianapolis, Ind., June 15, 1951.  
HON. CHARLES B. BROWNSON,  
House Office Building,  
Washington, D. C.

DEAR MR. BROWNSON: Our attention has been called to H. R. 39, now in the Committee on Agriculture of the House of Representatives, which would cause the Department of Agriculture to insure mortgages for the purpose of aiding the financing of wholesale markets for perishable agricultural commodities. It has been suggested, in fact, that we support the bill. A similar bill passed the House in the Eighty-first Congress, but died in the Senate with the close of that Congress.

We have studied the bill and its relations to the marketing of such commodities in Indianapolis. We do not support the bill. On the contrary, we wish to register our opposition to it.

The effect of the bill would be to place the Government once more in the banking and perhaps eventually in the wholesale market operation business. By its terms, promoters of such a project, investing not over 15 percent of the cost in their own money (or minimum of \$45,000) would be enabled to borrow money more cheaply than if they went to regular commercial lending sources, through a provision for government insurance of the mortgage against loss. Should they default on their obligations, the Government would take over the property and either operate it or lease it to another operator.

Of course, it is possible—perhaps even probable—that the Government might make a little money on the enterprise. It would charge one-half of 1 percent annually on the mortgage amount to pay for the insurance.

But whether it would make or lose money is not so important to us as the principle that the Government should not engage in further business enterprises. If projects such as these are soundly conceived, and have the prospect of economic success, there is, as there always has been in our country, private capital available. Private capital engages in such risks.

Obviously we have already gone a long way toward increasing the powers of the Government through persuading or permitting it to intrude in this and other business fields. Having done so often before, however, does not make it right. If it is wrong, as we believe, it is time to call a halt, and at the very least, engage in no more such enterprises.

There are striking instances of loss to the Government, as for example the flagrant case of the Lustron Corp. They only illustrate one of the reasons why the Government should get out of the field of private enterprise.

If there ever was an excuse for entry into the field, as in times of deep depression, to help our economy renew its expanding phase, surely that excuse, along with all the rest, is lost in times of such great inflation as now exists.

If we do not recognize the truth of the principle, we shall indeed some day, and



that perhaps soon, be overpowered by the size of our Government; and its top-heavy, complicated machinery, already passing the comprehension of any single mind, no matter how brilliant, will fall upon us in a great disaster which will make the depression of the 1930's appear like World War II's block-busters in relation to the atomic bomb.

We are glad to note that there is a strong influence in the perishable foods wholesale trade against this Government intervention. We find strong evidences of that spirit here, and know it exists elsewhere in the trade.

We hope our members of the Congress will not fall under the spell of promoters, wherever they may be, who wish to have the Government give them special privilege and help toward amassing large personal income out of the creation of wholesale perishable food markets.

It is our earnest wish that you use your influence and vote against the passage of H. R. 39.

Sincerely yours,

J. R. FENSTERMAKER,  
President.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, I had hoped to have a little more time to discuss this bill. I did not happen to be on the committee when all these exhaustive investigations were made. But, that which I have seen and heard of the presentation of the evidence since I have been on the committee, has failed to convince me of the wisdom of passing this legislation at this time. It occurs to me, with reference to that which the Chairman has already said in the well of the House when he said that the city of Richmond already had certain beautiful plans drawn up, that the city of Richmond, if they are not in a better fiscal condition tonight than the Federal Government is, they are in a bad way. If they want better marketing facilities there, I believe they are perfectly competent and capable of providing whatever marketing facility they require. I am just a little bit tired of seeing every time someone runs into the slightest bit of difficulty, whether it is in the field of socialized money or socialized anything else, that they must run to the Federal Government so that we can reach into some deficit or other—I do not know which deficit this is coming from—to guarantee them against losses. If they cannot find a logical and reasonable excuse for a direct grant, then they come in the back door and say to us, "This is not a good program; it is not sound or we could finance it privately. Therefore, we want the Federal Government, the deficit to the contrary notwithstanding, to come in here and take all of the risk that might be involved." We have gone down that road to the place where we have spoiled the American people so far as doing anything for themselves is concerned.

There are several questions that come to my mind about this legislation, and I should certainly like them to be cleared up. In the first place, it seems to me from reading the bill that by the enactment of this measure we would be opening up an entirely new Government service, when as a matter of fact the Gov-

ernment is engaged in so many services today that our people are being spoiled for doing anything for themselves. Of course all of us want to do everything we can to reduce the spread between the producer and the consumer. This bill makes a factual finding to the effect that it will do that, but from the practical operation of present markets and the way the proposed markets will operate, I am not convinced it will actually do that.

In the next place, I am not sure that this is a proper Government function. If the people in these different areas think they need a market, why do not they build it for themselves? If it is a good loan, it can be financed through the RFC. The bill itself actually contemplates that there will be losses in excess of the insurance fund created by the act, and provides the method by which the Secretary of Agriculture may make payments in the event there should not be sufficient money in the insurance fund for the Secretary of Agriculture to pay mortgagees for white elephants.

Another very practical objection that comes to my mind, and which seems to have been overlooked, is the tremendous decrease in recent years of perishable commodities sold in these markets. Several things are responsible for this decrease which, when I mention them to you, should convince you that the trend will continue down instead of changing upward. In the first place, since the advent of the tremendous buying by chain stores and cooperative buying organizations to which most independent merchants belong, in order to be able to purchase in large quantities at prices comparable to what the large chain stores have to pay, we find as a matter of fact that the tremendous majority of their purchases are today f. o. b. purchases which do not even go through these markets. They save the handling charges and reduce the spread by buying f. o. b., and certainly they are going to continue doing that. It used to be that auction prices set the market for a few f. o. b. purchases. Now the situation has been reversed and the prices paid on the auctions are controlled by the prevailing f. o. b. prices. This is simply because the volume of f. o. b. sales is so much greater than auction sales.

Another factor is the ever-expanding—and we have every reason to believe it will continue to expand—frozen-concentrate and frozen foods businesses. All over the producing areas of the country, these refrigerating plants have been and are being put in where perishable commodities are immediately frozen and in some cases concentrated, and stored in warehouses. None of this goes to the auction market. A perfect example of this is the Florida citrus-fruit industry, which a few years ago went almost entirely to the auction market. Now over half of it goes into cans, and of the half remaining, the large majority of that is sold f. o. b. and never sees the auction market. Of course this trend is going to continue, because it is profitable to the grower and because it is certainly more acceptable to the housewife. I just cannot bring myself to see where we

should embark on this experiment in improving marketing facilities when as a matter of fact, through the operation of different methods of marketing, these areas are in time going to be cleared out simply by the changes in the practices of marketing. It would be like the Government developing the improvement of marketing buttons when all the producers and consumers prefer zippers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, very rarely do I get into an agricultural debate. Our good friend the gentleman from North Carolina [Mr. COOLEY] thinks that many of us did not listen to the debate. However, some of us did listen. My good friend the gentleman from West Virginia [Mr. BURNSIDE] in his discussion sold me on the idea that really there is a need for these warehouse markets. And I agree that possibly there is a need. He went on to say that the civic and other organizations of his community, the chamber of commerce, and the industrial and economic life of his community, all insisted that there should be a market at some particular location—I forget just where he said it was to be. I wonder, if in view of the fact they are all in agreement as to the need for this particular market, and if this proposed marketing project is such a sound, practical, feasible project, why do not your local bankers and civic leaders get together, and why do you not call in the finance group of your chamber of commerce and work out a plan so that the project could be financed by yourselves? I was just up in Perry County, Pa., last week, in a little town called Carlisle, a town, I think, of 9,000 or 10,000 people, up in the Pennsylvania Dutch country. They ask nothing from anybody. They do their jobs themselves and do them well. They needed a market house, and they went out about 5 miles from the town and built themselves a beautiful market place. I went out to see the market. All the farmers were there with their produce—fruits, vegetables, and meats, and butter, and eggs, and cheese. They saw the need for a market and built it without asking for any help from the Government. If this market project to which the gentleman from West Virginia [Mr. BURNSIDE] refers is as sound and practical as he states it is, why do they not go ahead and develop it in their own community without asking the Federal Government to underwrite it to the extent of 85 percent? And if it fails to operate profitably, then the Government, which is the American taxpayers, has insured the loan and stands to take a loss.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY. Mr. Chairman, I always hesitate to put myself in the position before the Committee of the Whole of opposing my Hoosier colleagues, especially my very good friend the gentleman

from Indiana [Mr. BROWNSON]. I know he is very sincere in his expressed opposition to this particular piece of legislation. I do feel, however, that some experience I have had serving on a voluntary committee to study the marketing system of perishable food products for Indiana with particular reference to Indianapolis, in the years before I came to the Congress, gives me a background of experience and an opportunity of observing the needs that in this instance force me to support this type of legislation.

I know that some of you are going to oppose it on the ground that the Government is intervening in a spot where they have no business to intervene. I do not feel that way about it at all. I feel that research in marketing has brought out the fact beyond question of doubt that the only opportunity to reduce the great spread between the producer and the consumer is in more efficient handling at our vegetable and fruit market terminals. Any of you who have ever had an opportunity to study the market terminals of any of our large cities will agree that there is a tremendous amount of inefficiency and waste. I do feel that there has been a logical argument advanced here in the Committee this afternoon in the matter of critical materials. There are Members—I know; I am one of them—who have had a great deal of trouble getting steel for hospitals and schools, and that is a logical objection. I would not be opposed to accepting an amendment tying the program into the availability of critical and scarce materials. I have no objection, as I have said, to including that type of amendment; but I certainly think the principle laid down here is sound; and I might say in refutation of the argument that we should not undertake it now, that there is every evidence to me that food is going to continue to be a limiting factor in the years to come; I mean good, wholesome food; and there is not anything that I know of that we can do that will not only get more food to our people but also will improve the quality. I do not believe that factor has been properly touched upon and I know out of my experience in observing the operation of markets, that the loss, spoiling, and reduction in quality of food products is oftentimes a far greater factor in the ultimate cost to the consumer than any other particular item; so for that particular reason, I repeat, I think this is the type of legislation that is necessary. In my books this type of project is not to be interpreted as socialistic at all; it is simply encouraging the free-enterprise system to operate, and certainly there is no greater exponent of the free-enterprise system than I.

I would in conclusion, therefore, say that if you had had an opportunity, as I have, to study intimately this problem I think your opposition to it would vanish.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. BROWNSON. As a result of the gentleman's investigation did he find that it was impossible or impracticable to finance such facilities within the In-

dianapolis area using local capital uninsured?

Mr. HARVEY. The gentleman knows that we both looked into the hearings accompanying this report. Great strides have been made in the Indianapolis area toward achieving a wholesale marketing terminal. They have already acquired the land strategically located with regard to railroads and highways, so the only factor remaining is that of obtaining the capital. Insurance companies with the alternative of investing their funds, if you please, in FHA mortgages that are guaranteed naturally take the guaranteed mortgage. Commercial banks are unwilling to finance this type of project because it is a long-term one.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, the purpose of this legislation, as I see it, is to shorten the distance from the farm to the table.

The gentleman from South Carolina, Chairman Fulmer, in 1944, appointed the first subcommittee to look into this question. The next step by the Committee on Agriculture was taken under the chairmanship of the gentleman from Virginia, Mr. Flannagan, who appointed a subcommittee to look into this question of wholesale marketing facilities in the larger municipalities. Then the gentleman from Kansas [Mr. HOPE] followed through with a subcommittee on this subject in the Eightieth Congress, and the gentleman from North Carolina [Mr. COOLEY], in the last Congress, the Eighty-first, appointed a committee. We visited many of these facilities; this committee went to New York City, Philadelphia, Chicago, St. Paul, Minneapolis, Kansas City, and New Orleans.

I visited many of these facilities myself. We found narrow streets where trucks could not get in and out; we found many of these facilities did not have side-tracks. So the cost of handling was very excessive in some of these cities, as has been stated here. Where the A. & P. have a siding they can unload a car for \$9; where such facilities are not available the cost is \$75 and in the case of New York City I believe the cost reached \$115. The reason behind this bill and the purpose in bringing it up at this time is because of the fact that food costs are high and this legislation is designed to reduce costs to the consumer.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield.

Mr. GAVIN. I should like to ask the gentleman, in view of the fact that the consumer has been brought into this picture, whether these are to be retail and wholesale markets, or just wholesale distributing markets?

Mr. GATHINGS. This bill covers the wholesale distributing market.

Mr. GAVIN. Then where is the consumer going to get any benefit out of this bill?

Mr. GATHINGS. Through reduced cost of handling.

Mr. GAVIN. But the reduced cost of handling will never be passed on to the consumer.

Mr. GATHINGS. It is our thought that the food will be cheaper as a result of the reduced cost of handling and the wholesalers being placed in a position to sell to the retailer for less money. The wholesalers would be on the same basis in a particular city and competition will take care of the gentleman's fear that the consumer would not benefit by lesser costs.

This legislation is desirable and needed. The passage and approval of this legislation has been delayed too long.

Mr. COOLEY. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, may I say to the gentleman from Pennsylvania, who commented concerning my remarks or reference to the warehouse built by a chain store between Richmond and Petersburg, that I certainly was not criticizing that activity on the part of the private corporation involved. I was commending it and I was trying to point out that private business had wisdom enough and foresight enough to see the necessity for building a modern market easily accessible to truck and rail transportation.

In these municipalities we have a very deplorable and a different situation and we are only trying to encourage the municipalities to build better facilities. We definitely know that when you handle foodstuffs more efficiently and cheaper, the consumer will benefit by that improvement.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. In the hearings I find various statements and letters from individuals, all of which so far as I have examined them appear to be dated except one on page 258. That is the statement of Andrew J. Biemiller, formerly a Member of Congress. In this statement he is described as being a Member of Congress from the Fifth Congressional District of Wisconsin. Can the gentleman advise me as to when that statement was made? That is, what date did he appear? It appears on page 258.

Mr. COOLEY. The hearings were held on June 6, 7, 8, and 9 of 1950.

Mr. HOFFMAN of Michigan. At that time Mr. Biemiller was a Member of Congress?

Mr. COOLEY. Yes.

Mr. HOFFMAN of Michigan. At present he is employed in one of the departments, as I understand it?

Mr. COOLEY. I do not know anything about that.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, I am in support of this bill. In committee hearings, the secretary of agriculture of the State of New Jersey thought it would cost some \$200,000,000 for a marketing terminal to be built to service New York and New Jersey. I call this



rock-bound, cast-iron thinking. Suppose New York facilities are sabotaged? What will New Jersey do? Along the Hudson River on the Jersey side, where land is cheaper, opposite the white lights and tall skyline of Manhattan, is located the best spot on the eastern seaboard for such facilities as called for in this bill. It is a shame that food is shipped across the Hudson River from New Jersey, unloaded, bought, loaded, and shipped back across the Hudson River for distribution whence it grew, in New Jersey. These may be jet-propelled times, Mr. Chairman, but the distribution of fruits and vegetables in my area, as described above, challenges the secretary of agriculture of the State of New Jersey to plug more for the welfare of New Jerseyites and not be blinded by the bright lights of New York, gay as they might be. The people of my State, Mr. Chairman, and especially of my district deserve such consideration as this measure affords. It is time New Jersey grew into its own. It can, with fair rates.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc., That this act may be cited as the "Marketing Facilities Improvement Act."*

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BECKWORTH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 39) to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities, had come to no resolution thereon.

#### CHANGE OF CONFEREES

Mr. HAGEN. Mr. Speaker, I ask unanimous consent that in connection with the appointment of conferees on the bill S. 1046 I may be substituted for the gentleman from Pennsylvania [Mr. CORBETT] and that in connection with the bill S. 355 the gentleman from Pennsylvania [Mr. CORBETT] be substituted for myself.

The SPEAKER. Without objection it is so ordered, and the Senate will be notified of the change.

There was no objection.

#### SPECIAL COMMITTEE ON INFORMATION

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 432.

The Clerk read the House resolution, as follows:

*Resolved, That House Resolution 80, of the Eighty-second Congress, is amended so as to permit the attendance by not more than two members of the Committee on Interior and Insular Affairs of the meeting of the Special Committee on Information transmitted under article 73e of the United Nations Charter (1950-52) to be held at Geneva, Switzerland, beginning on or about October 1, 1951.*

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### SPECIAL ORDER VACATED

Mr. HARRISON of Virginia. Mr. Speaker, I have a special order for today. I ask unanimous consent that that special order may be vacated and that I may have permission to address the House on tomorrow for 45 minutes, following the legislative program and any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

#### EXTENSION OF REMARKS

By unanimous consent permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. ANDERSON of California and to include an article.

Mr. LANE in three instances and to include extraneous matter.

Mr. MADDEN and to include an editorial.

Mr. LARCADE in three instances and to include extraneous matter.

Mr. BLATNIK and to include an article.

Mr. YORTY in two instances and to include extraneous matter.

Mr. BOYKIN (at the request of Mr. GRANT) and to include a copy of the fifty-second Battle Report, Washington.

Mr. GRANT and to include a poem.

Mr. MANSFIELD and to include an address delivered by Dr. Howard W. Bosworth before the Montana Tuberculosis Association, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$266.50.

Mr. SCHWABE in three instances in each to include extraneous matter.

Mr. MEADER and to include a letter.

Mrs. ROGERS of Massachusetts and to include an editorial by Sammy Williston, a great American, and a great teacher at Harvard Law School.

Mr. DOLLIVER and to include a speech made by him on September 19, 1951, concerning rural electrification in Iowa.

Mr. REECE of Tennessee (at the request of Mr. HALLECK) and to include a letter.

Mr. DAVIS of Wisconsin in two instances, in each to include extraneous matter.

Mr. MUMMA and to include a letter.

Mr. HARVEY in two instances, in each to include an editorial.

Mr. BUFFETT in two instances, in each to include extraneous matter.

Mr. HEBERT (at the request of Mr. LARCADE) and to include extraneous matter.

Mr. WICKERSHAM in six instances and to include extraneous matter.

Mr. REED of New York and to include extraneous matter which is estimated by the Public Printer to cost \$676.50.

Mr. O'NEILL in two instances.

Mr. SIEMINSKI.

Mr. ANFUSO (at the request of Mr. ANTONIZIO) and to include a magazine article.

Mr. BRYSON.

Mr. BENDER in two instances.

Mrs. ROGERS of Massachusetts and to include an article she wrote on September 9 appearing in the New York Post.

Mr. GAMBLE in four instances and include extraneous matter and editorials.

Mr. JENSEN and to include a letter from a constituent.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 810. An act for the relief of Howard I. Smith; and

S. 1349. An act to establish a Department of Food Services in the public schools of the District of Columbia, and for other purposes.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KING, for 2 days, on account of official business.

Mr. KEAN, for today, on account of official business.

#### ADJOURNMENT

Mr. THOMPSON of Texas. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 37 minutes p. m.) the House adjourned until tomorrow, Wednesday, September 26, 1951, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

822. A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1952 in the amount of \$1,475,000, for the Department of Agriculture. (H. Doc. No. 243); to the Committee on Appropriations, and ordered to be printed.

823. A letter from the Administrator, General Services Administration, transmitting a draft of a proposed bill entitled, "A bill to amend the Contract Settlement Act of 1944 and to abolish the Appeal Board of the Office of Contract Settlement"; to the Committee on the Judiciary.

824. A letter from the Commanding General, Headquarters Civil Air Patrol United States Air Force, transmitting the report of the Civil Air Patrol proceedings and activities for the 1950 calendar year, pursuant to section 7, Public Law 476, Seventy-ninth Congress, approved July 1, 1946; to the Committee on Armed Services.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LYLE: Committee on Rules. House Resolution 434. Resolution for consideration of S. 2006, an act to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans; without amendment (Rept. No. 1029). Referred to the House Calendar.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 948. A bill to provide for terms of court to be held at West Palm Beach, and at Fort Myers, in the southern district of Florida; without amendment (Rept. No. 1036). Referred to the Committee of the Whole House on the State of the Union.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 330. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Chicago International Trade Fair, Inc., Chicago, Ill., to be admitted without payment of tariff, and for other purposes; with amendment (Rept. No. 1037). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of Illinois: Committee on the Judiciary. House Joint Resolution 326. Joint resolution to suspend the application of certain Federal laws with respect to an attorney employed by the House Committee on the Judiciary; with amendment (Rept. No. 1038). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of Illinois: Committee on the Judiciary. H. R. 5428. A bill to prohibit justices and judges of the United States from testifying as to the character or reputation of any person, and for other purposes; without amendment (Rept. No. 1039). Referred to the House Calendar.

Mr. ENGLE: Committee on Interior and Insular Affairs. H. R. 2813. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Collbran reclamation project, Colorado; with amendment (Rept. No. 1051). Referred to the Committee of the Whole House on the State of the Union.

Mr. REDDEN: Committee on Interior and Insular Affairs. H. R. 4197. A bill to withdraw and restore to its previous status under the control of the Territory of Hawaii that certain Hawaiian home lands required for the use of the Board of Water Supply of the city and county of Honolulu for the location of a water shaft, pump station, and tunnel, and to amend section 203 of the Hawaiian Homes Commission Act, 1920, so as to confer upon certain lands of Auwailimu, Kewalo-uka, and Kalawahine, on the island of Oahu, T. H., the status of Hawaiian home lands; with amendment (Rept. No. 1052). Referred to the Committee of the Whole House on the State of the Union.

Mr. REDDEN: Committee on Interior and Insular Affairs. H. R. 4409. A bill to enable the Hawaiian Homes Commission of the Territory of Hawaii to exchange available lands as designated by the Hawaiian Homes Commission Act, 1920, for public or private lands; without amendment (Rept. No. 1053). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 1277. An act for the relief of John R. Willoughby; without amendment (Rept. No. 1030). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1718. An act for the relief of Elizabeth Bozsk; without amendment (Rept. No. 1031). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1775. An act for the relief of Heinz Harald Patterson; without amendment (Rept. No. 1032). Referred to the Committee of the Whole House.

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Mr. GRAHAM: Committee on the Judiciary. H. R. 654. A bill for the relief of Ivo Cerne; without amendment (Rept. No. 1033). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 850. A bill for the relief of Mary Izumi; with amendment (Rept. No. 1034). Referred to the Committee of the Whole House.

Mr. WILSON of Texas: Committee on the Judiciary. H. R. 4567. A bill for the relief of Roy Sakai; without amendment (Rept. No. 1035). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. House Resolution 404. Resolution providing for sending to the United States Court of Claims the bill (H. R. 4162) for the relief of the Columbia Hospital of Richland County, S. C.; without amendment (Rept. No. 1040). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 773. A bill for the relief of Mering Bichara; with amendment (Rept. No. 1041). Referred to the Committee of the Whole House.

Mr. GOODWIN: Committee on the Judiciary. H. R. 1131. A bill for the relief of Edward C. Brunett; with amendment (Rept. No. 1042). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1962. A bill for the relief of Wanda R. Barnett; without amendment (Rept. No. 1043). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 2072. A bill for the relief of Jeremiah Coleman; without amendment (Rept. No. 1044). Referred to the Committee of the Whole House.

Mr. KEATING: Committee on the Judiciary. H. R. 2169. A bill for the relief of Lt. Col. Homer G. Hamilton; with amendment (Rept. No. 1045). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 3006. A bill for the relief of Antonio Corrao Corp.; with amendment (Rept. No. 1046). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 3060. A bill conferring jurisdiction upon the United States District Court for the Eastern District of Oklahoma to hear, determine, and render judgment upon the claims of the Commerce Trust Co.; without amendment (Rept. No. 1047). Referred to the Committee of the Whole House.

Mr. KEATING: Committee on the Judiciary. H. R. 4318. A bill for the relief of Allen W. Spangler and The Great American Indemnity Co. of New York; with amendment (Rept. No. 1048). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 4645. A bill for the relief of Mrs. Marguerite A. Brumell; with amendment (Rept. No. 1049). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. H. R. 5317. A bill to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon a certain claim of the George H. White Construction Co. of Canton, Ohio, without amendment (Rept. No. 1050). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BENNETT of Florida:

H. R. 5466. A bill to provide additional compensation for enlisted men and certain

officers of the Armed Forces during periods of certain ground combat duty; to the Committee on Armed Services.

By Mr. KLEIN:

H. R. 5467. A bill to amend section 32 of the Trading With the Enemy Act of 1917, as amended, so as to permit the return under such section of property which an alien acquired by gift, devise, bequest, or inheritance, from an American citizen; to the Committee on Interstate and Foreign Commerce.

By Mr. VAN ZANDT:

H. R. 5468. A bill to amend the act of February 24, 1925, incorporating the American War Mothers; to the Committee on the Judiciary.

By Mr. EDWIN ARTHUR HALL:

H. R. 5469. A bill directing the Secretary of Defense to conduct a review of all applications for discharges, past and future, filed by active or inactive reservists for the purpose of giving favorable consideration to applications which establish family need; to the Committee on Armed Services.

By Mr. HORAN:

H. R. 5470. A bill to amend section 315 of the Communications Act of 1934, with respect to the use of broadcasting facilities by candidates for public office; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBERTS:

H. R. 5471. A bill to establish a National Citizens Advisory Board on Radio and Television; to the Committee on Interstate and Foreign Commerce.

By Mr. BROOKS:

H. R. 5472. A bill to amend the Universal Military Training and Service Act, as amended, and for other purposes; to the Committee on Armed Services.

By Mr. BRYSON:

H. R. 5473. A bill to amend section 1 of title 17 of the United States Code to make the public reproduction or rendition of a musical composition by or upon a coin-operated machine a public performance for profit when a fee is not charged for admission to the place where such reproduction or rendition occurs, and for other purposes; to the Committee on the Judiciary.

By Mr. BYRNES of Wisconsin:

H. R. 5474. A bill to encourage the prevention of water pollution by allowing amounts paid for industrial waste treatment works to be amortized at an accelerated rate for income-tax purposes; to the Committee on Ways and Means.

By Mr. POULSON:

H. R. 5475. A bill to amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish; to the Committee on Ways and Means.

H. R. 5476. A bill to amend title 18, United States Code, entitled "Crimes and Criminal Procedure," with respect to State jurisdiction over offenses committed by or against Indians in the Indian country, and to confer on the State of California civil jurisdiction over Indians in the State; to the Committee on the Judiciary.

By Mr. SPENCE:

H. Res. 436. Resolution authorizing the Committee on Banking and Currency to conduct studies and investigations relating to matters within its jurisdiction; to the Committee on Rules.

H. Res. 437. Resolution to provide funds for the expenses of the studies and investigations authorized by House Resolution 436; to the Committee on House Administration.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H. R. 5477. A bill for the relief of Frida Zimmermann and Rozalia Zimmermann; to the Committee on the Judiciary.



By Mr. BISHOP:

H. R. 5478. A bill for the relief of Mrs. Maria Albano Batton; to the Committee on the Judiciary.

By Mr. CHELF:

H. R. 5479. A bill for the relief of the estate of Floyd L. Greenwood; to the Committee on the Judiciary.

By Mr. DENTON:

H. R. 5480. A bill for the relief of Claudia Tanaka; to the Committee on the Judiciary.

By Mr. ENGLE:

H. R. 5481. A bill for the relief of Norman E. Dole, Jr., William F. Smith, John G. Harris, and James E. Chamberlain; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 5482. A bill for the relief of Martin L. Nelson; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 5483. A bill for the relief of Marijan Kolega, Drago Radman, Silvio Skoljerev, Zvonko Zupcic, and Ante Coco; to the Committee on the Judiciary.

By Mr. McMILLAN:

H. R. 5484. A bill for the relief of Edith Rickert Willson; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 5485. A bill for the relief of Mr. and Mrs. Edward Levandoski; to the Committee on the Judiciary.

By Mr. SABATH:

H. R. 5486. A bill for the relief of Leon and Blanche de Szethofer; to the Committee on the Judiciary.

H. R. 5487. A bill for the relief of Vladimir and Svatava Hoschl; to the Committee on the Judiciary.

By Mr. YORTY:

H. R. 5488. A bill for the relief of Charles Alexander McCoy; to the Committee on the Judiciary.

By Mr. KEATING:

H. Res. 438. Resolution for the relief of C. E. Heaney; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

437. By Mr. FORAND: Resolution of the Rhode Island Chapter, American League for an Undivided Ireland, unanimously adopted at a recent meeting of members from the various Irish-American organizations of Rhode Island; to the Committee on Foreign Affairs.

438. By Mr. HOLMES: Petition of several hundred citizens of Clarkston, Wash., and Asotin, Wash., urging legislation to prohibit alcoholic beverage advertising over the radio and television and in magazines and newspapers; to the Committee on Interstate and Foreign Commerce.

## SENATE

WEDNESDAY, SEPTEMBER 26, 1951

(Legislative day of Wednesday,  
September 19, 1951)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty Father, the source from which we come, the goal to which we travel, the light and strength of these our pilgrim days, as we set our faces once more toward our daily tasks we pray for strength sufficient to endure as those seeing the Invisible. Enable us to win the victory over everything,

whether in our circumstances or in ourselves, that is unworthy and mean. Save us from blighting the enthusiasm of any heart by the flare of sudden anger or secret hate. May we not bruise the rightful self-respect of another by contempt or malice.

We pray for those who are shaping public opinion in our time, for all who legislate in the people's name, for all who write what other people read, for all who are holding aloft the torch of truth in a world that has lost its way. And, above all, we pray for clean hands and pure hearts worthy of the trust the Nation has committed to our keeping. We ask it in the dear Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 25, 1951, was dispensed with.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, notified the Senate that Mr. CORBETT had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) to adjust the salaries of postmasters, supervisors, and employees in the field service of the Post Office Department, vice Mr. HAGEN, excused.

The message also notified the Senate that Mr. HAGEN had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1046) to readjust postal rates, vice Mr. CORBETT, excused.

The message announced that the Speaker had affixed his signature to the enrolled bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans, and it was signed by the President pro tempore.

#### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. O'CONOR, and by unanimous consent, a subcommittee of the Committee on the Judiciary was authorized to meet this afternoon during the session of the Senate.

#### TRANSACTION OF ROUTINE BUSINESS

Mr. McFARLAND. Mr. President, I ask unanimous consent that Senators may be permitted to make insertions in the RECORD, without the time so consumed being charged to either side.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

#### RELIEF OF CERTAIN OFFICERS AND EMPLOYEES OF FOREIGN SERVICE—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message

from the President of the United States, which was read and, with the accompanying bill, ordered to lie on the table:

#### To the United States Senate:

In compliance with the request contained in the resolution of the Senate (the House of Representatives concurring therein), I return herewith S. 1786, "An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature."

HARRY S. TRUMAN.

THE WHITE HOUSE, September 26, 1951.

#### ABOLITION OF APPEAL BOARD OF OFFICE OF CONTRACT SETTLEMENT

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the Contract Settlement Act of 1944 and to abolish the Appeal Board of the Office of Contract Settlement, which, with the accompanying paper, was referred to the Committee on the Judiciary.

#### WILLIAM N. OATIS

Mr. O'CONOR. Mr. President, indicative of the feelings of the great mass of our citizenry is a resolution adopted by Frederick (Md.) Aerie No. 1067, Fraternal Order of Eagles, at its recent meeting urging utmost efforts by the Federal Government to secure the release from prison of William N. Oatis, Associated Press correspondent, now imprisoned in Czechoslovakia for alleged spying.

Particular attention is attached to this action by the Frederick Aerie because it is one of many such resolutions adopted or projected by the various local groups of this great fraternal order which includes in its membership more than a million patriotic citizens.

I present the resolution for appropriate reference, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

#### RESOLUTION ON WILLIAM N. OATIS

Whereas William N. Oatis, Associated Press bureau chief in Prague, Czechoslovakia, a free newspaperman who was performing his duties according to the standards and criteria of the free press of the world, was brutally snatched and imprisoned by the Communist government of Czechoslovakia without explanation; and

Whereas Mr. Oatis was arrested and held in detention without access to friend, Embassy representative, or trusted legal counsel; and

Whereas he was brought to trial and accused of "insisting on obtaining accurate, correct and verified information," which is the definition of the work of a free press; and

Whereas he was forced into admission of espionage because of his reporter's instinct for presenting the factual rather than the fictional; and

Whereas he was convicted and sentenced to 10 years of imprisonment by a trial which was universally condemned by all free nations as an outrageous "kangaroo court,"